



The Mission of the Las Gallinas Valley Sanitary District is to protect public health and the environment by providing effective wastewater collection, treatment, and recycling services.

DISTRICT BOARD
Megan Clark
Rabi Elias
Craig K. Murray
Judy Schriebman
Crystal J. Yezman

DISTRICT ADMINISTRATION
Mike Prinz,
General Manager
Michael Cortez,
District Engineer
Mel Liebmann,
Plant Manager
Susan McGuire,
Administrative Services Manager
Greg Pease,
Collection System/Safety Manager

BOARD MEETING AGENDA

December 13, 2018 4:00 PM

MATERIALS RELATED TO ITEMS ON THIS AGENDA ARE AVAILABLE FOR PUBLIC INSPECTION DURING NORMAL BUSINESS HOURS AT THE DISTRICT OFFICE, 300 SMITH RANCH ROAD, SAN RAFAEL, OR ON THE DISTRICT WEBSITE WWW.LGVSD.ORG

Estimated Time

4:00 PM

1. PUBLIC COMMENT

This portion of the meeting is reserved for persons desiring to address the Board on matters not on the agenda and within the jurisdiction of the Las Gallinas Valley Sanitary District. Presentations are generally limited to three minutes. All matters requiring a response will be referred to staff for reply in writing and/or placed on a future meeting agenda. Please contact the General Manager before the meeting.

4:05 PM

CLOSED SESSION:

- 1. PUBLIC EMPLOYEE APPOINTMENT – ADMINISTRATIVE SERVICES MANAGER:** pursuant to subdivision (b)(1) of Government Code Section 54957.

OPEN SESSION:

4:30 PM

1. PUBLIC COMMENT

This portion of the meeting is reserved for persons desiring to address the Board on matters not on the agenda and within the jurisdiction of the Las Gallinas Valley Sanitary District. Presentations are generally limited to three minutes. All matters requiring a response will be referred to staff for reply in writing and/or placed on a future meeting agenda. Please contact the General Manager before the meeting.

4:35 PM

2. ELECTION RESULTS – SWEARING IN OF BOARD MEMBERS

Board Members Clark and Elias will be officially sworn in for their four year terms as Directors.

4:40 PM

3. GARBAGE AND REFUSE RATE ADJUSTMENT FOR 2019 AND SET PUBLIC HEARING

Staff and Board to discuss the rate increase in garbage and refuse rates. Board to consider setting a Public Hearing on January 10, 2019 to consider adoption of an increase to existing garbage and refuse rates effective January 1, 2019.

5:25 PM

4. CONSENT CALENDAR:

These items are considered routine and will be enacted, approved or adopted by one motion unless a request for removal for discussion or explanation is received from the staff or the Board.

- A. Approve the Board Minutes for November 15, 2018
- B. Approve the Warrant List for November 30, 2018 and December 13, 2018.
- C. Approve Board Compensation for November 2018.
- D. Approve Conference Attendance for Megan Clark, Rabi Elias, Crystal Yezman and Mike Prinz – CASA Winter Conference in Indian Wells, California - January 23-25, 2019.
- E. Approve Revised Revenue, Operations and Maintenance, Debt Service, Reserve Funding and Capital Outlay Budgets for 2018-2019.
- F. Approve Amendment 6 to Nute Engineering Contract for Additional Design Services for Plant Improvements 2018.
- G. Approve the Memorandum of Understanding between the County of Marin and Las Gallinas Valley Sanitary District for the Development of Restoration Plans for McInnis Marsh.
- H. Approve General Manager Authority to Enter into an Agreement with PG&E for Construction of Phase 1 Power Line Realignment Project.
- I. Approve Authorization of Transfer of Funds for Local Agency Investment Fund Accounts.
- J. Approve Resolution 2018-2142 A Resolution Accepting the UV Piping Repair and Notice of Acceptance of Completion.

Possible expenditure of funds: Yes, Items B through H.

Staff recommendation: Adopt Consent Calendar – Items A through J.

5:40 PM

5. CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK INFRASTRUCTURE STATE REVOLVING FUND PROGRAM LOAN APPLICATION UP TO \$12,000,000.

Board to review and approve the California Infrastructure and Economic Development Bank Infrastructure State Revolving Fund Loan Application and Resolutions.

Resolution 2018-2143 - A Resolution Dedicating Revenue to the Payment of Any and All California Infrastructure and Economic Development Bank Revolving Fund Loan Program. This resolution dedicates revenues to pay the debt and authorizing the General Manager to execute the financing application.

Resolution 2018-2144 – A Resolution Confirming Compliance with the State of California Government Code Section 63041 for the Secondary Treatment Plant Upgrade and Recycled Water Expansion.

Resolution 2018-2145 – A Resolution Authorizing the General Manager to Execute the Loan Agreement and Other Related Documents with the California Infrastructure And Economic Development Bank Infrastructure State Revolving Fund Program. This resolution authorizes the General Manager to execute a loan agreement for up to \$12M in financing and any other documents required by the IBank to complete the loan process.

Resolution 2018-2146 – A Resolution Authorizing the Performance of Ongoing Requirements in Connection with a Financing Agreement with the California Infrastructure and Economic Development Bank Revolving Fund Loan Program. This resolution commits the District to maintain compliance with loan covenants and applicable state and federal statutory and regulatory requirements related to any financing.

Resolution 2018-2147 – A Resolution of The Las Gallinas Valley Sanitary District Authorizing the Submission of an Application To The California Infrastructure And Economic Development Bank (“IBank”) For Financing A Capital Improvement Project, Authorizing The Incurring Of An Obligation Payable To IBank For The Financing Of A Capital Improvement Project If IBank Approves Said Application, Declaration Of Official Intent To Reimburse Certain Expenditures From The Proceeds Of An Obligation, And Approving Certain Other Matters In Connection Therewith this resolution was prepared by the IBank and is required in submitting the application.

6:00 PM

6. ACTION CALENDAR:

- A. Approve General Manager Employment Agreement with Mike Prinz.
- B. Approve Temporary Letter Employment Agreement with Chris DeGabriele.
- C. Approve Administrative Services Manager Employment Agreement.
- D. Approve Resolution 2018-2148 – A Resolution Adopting the Pay Scales Effective November 26, 2018 Pursuant to the California Code of Regulations, Subchapter 1, Employee’s Retirement System Regulations Section 570.5
- E. Approve Resolution 2018-2149 – To Express Appreciation for Russ Greenfield.
- F. Approve Resolution 2018-2150 – To Express Appreciation for Chris DeGabriele.
- G. Approve Resolution 2018-2151 – To Express Appreciation for Susan McGuire.

6:45 PM

7. INFORMATION ITEMS:**A. STAFF/CONSULTANT REPORTS:**

- 1. General Manager Report – Verbal
- 2. Monthly Treasurer’s Report – Written
- 3. January Board Meeting Schedule – Written

B. BOARD REPORTS:

- 1. Human Resources Subcommittee – Verbal
- 2. LAFCO - Verbal
- 3. Gallinas Watershed Council / Miller Creek Watershed Council– Verbal
- 4. JPA Local Task Force on Solid and Hazardous Waste – Verbal
- 5. NBWA – Verbal
- 6. NBWRA/North Bay Water – Verbal
- 7. Engineering Subcommittee – Verbal
- 8. Other Reports – Verbal

7:00 PM

8. BOARD REQUESTS:

- A. Board Meeting Attendance Requests – Verbal
- B. Board Agenda Item Requests – Verbal

7:05 PM

9. VARIOUS ARTICLES and MISCELLANEOUS DISTRICT CORRESPONDENCE

7:10 PM

10. ADJOURNMENT

AGENDA APPROVED:	Megan Clark, Board President	David Byers, Legal Counsel
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CERTIFICATION: I, Teresa Lerch, District Secretary of the Las Gallinas Valley Sanitary District, hereby declare under penalty of perjury that on or before December 10, 2018, at 4:00 p.m., I posted the Agenda for the Board Meeting of said Board to be held December 13, 2018, at the District Office, located at 300 Smith Ranch Road, San Rafael, CA.

DATED: December 10, 2018



Teresa L. Lerch
District Secretary

The Board of the Las Gallinas Valley Sanitary District meets regularly on the second and fourth Thursday of each month. The District may also schedule additional special meetings for the purpose of completing unfinished business and/or study session. Regular meetings are held at the District Office, 300 Smith Ranch Road, San Rafael.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at (415) 472-1734 at least 24 hours prior to the meeting. Notification prior to the meeting will enable the District to make reasonable accommodation to help ensure accessibility to this meeting.

Agenda Item 2
Date December 13, 2018

CERTIFICATE OF ELECTION

I, LYNDA ROBERTS, the Registrar of Voters for the County of Marin, of the State of California, do hereby certify the canvass and statement of the votes cast in the Statewide General Election held on November 6, 2018. The results of said canvass are detailed in the Official Final Results and the Statement of Votes filed and retained with the Marin County Elections Department.

Summary reports are provided herewith.

IN WITNESS WHEREOF, I have set my hand and affixed my official seal on the 30th day of November, 2018.



County of Marin, Registrar of Voters

Certificate of Election and Oath of Office

STATE OF CALIFORNIA

County of Marin

I, Lynda Roberts, Registrar of Voters of the Marin County, of the State of California, do hereby certify that at the *Statewide General Election* held on the 6th day of November 2018, that

MEGAN CLARK

is elected as appears by the official record of the result of said election, to the office of *Director, Las Gallinas Valley Sanitary District*, a term ending *December, 2022*.

IN WITNESS WHEREOF, I have hereunto affixed my hand and official seal on this 30th day of November, 2018.

s/ *Lynda Roberts* - Registrar of Voters



STATE OF CALIFORNIA

County of Marin

OATH OF OFFICE

I, **MEGAN CLARK**, do solemnly swear (of affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution for the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

Director, Las Gallinas Valley Sanitary District

NAME OF OFFICE

SIGNATURE OF ELECTED CANDIDATE

TITLE OF PERSON ADMINISTERING OATH

SIGNATURE OF PERSON ADMINISTERING OATH

_____ day of _____, 20____

Before taking office, each member must take and subscribe to the Oath of Office before a governing board member, other school officer, state or county officer, judicial officer or notary public, to be filed with the County Clerk/Registrar of Voters. (Gov. Code 1360-1369)

Certificate of Election and Oath of Office

STATE OF CALIFORNIA
County of Marin

I, *Lynda Roberts*, Registrar of Voters of the Marin County, of the State of California, do hereby certify that at the *Statewide General Election* held on the *6th* day of *November* 2018, that

RABI ELIAS

is elected as appears by the official record of the result of said election, to the office of *Director, Las Gallinas Valley Sanitary District*, a term ending *December*, 2022.

IN WITNESS WHEREOF, I have hereunto affixed my hand and official seal on this *30th* day of *November*, 2018.

s/ *Lynda Roberts* - Registrar of Voters



STATE OF CALIFORNIA
County of Marin

OATH OF OFFICE

I, **RABI ELIAS**, do solemnly swear (of affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution for the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

Director, Las Gallinas Valley Sanitary District

NAME OF OFFICE

SIGNATURE OF ELECTED CANDIDATE

TITLE OF PERSON ADMINISTERING OATH

SIGNATURE OF PERSON ADMINISTERING OATH

_____ day of _____, 20____

Before taking office, each member must take and subscribe to the Oath of Office before a governing board member, other school officer, state or county officer, judicial officer or notary public, to be filed with the County Clerk/Registrar of Voters. (Gov. Code 1360-1369)



Consent _____
 Staff/Consultant Reports _____
 Agenda Item 3
 Date December 13, 2018

Agenda Summary Report

To: Mike Prinz, PE, General Manager *MDP*
From: Susan McGuire, Administrative Services Manager *SM*
Mtg. Date: December 13, 2018
Re: Consideration of the Marin Sanitary Refuse Rates for 2019 and the Franchise Agreement

EXECUTIVE SUMMARY

This report details the rate adjustment proposal for 2019 necessary for Marin Sanitary Service (MSS) to provide refuse, recycling, and organic materials composting, hauling, and processing for customers (“rate payers”) in the unincorporated areas of the District. Rate payers include residential homeowners, apartment owners, commercial property owners, and other businesses and tenants. The proposed rate adjustment will increase base rates by 9.6% over 2018 levels for all rate payers. In addition, the Board directed staff to change the franchise fee from a flat \$25,000 to 5% of revenues. This adds 4.73% to the rate for 2019 so that the total increase is 14.33%. The dollar impact on the rates is to increase the monthly cost for a residential 32-gallon can by \$4.74 from \$33.05 to \$37.79. This monthly cost is still the lowest among the Marin Franchisors Group and the Marin County Average.

The proposed rate includes adjustments using on an agreed-upon rate setting methodology the District has with Marin Sanitary Service as well as a negotiated resolution to ongoing recycling deficits in our Recycling Reserve Fund, and is based upon an independent third-party review of expenses and revenues by R3 Consulting Group, Inc. (R3).

Additionally, this report describes the elements of a proposed amendment to the Franchise Agreement with Marin Sanitary Service. Recycling revenue impacts to MSS due to the recent collapse of the recycling commodities markets triggered a meet-and-confer requirement in the Franchise Agreement with them to determine a reasonable remedy. The District and other agencies that have similar agreements with MSS began a joint meet-and-confer process in Spring 2017. This included an analysis of the current method of setting rates and an accounting for recyclable materials processing and revenues to address the new realities of recycling markets as well as other long-term issues. The District and these other agencies retained the services of R3 Consulting Group, Inc. as well to assist with the analysis and meet-and-confer process and have come to a successful conclusion. The negotiated terms proposed require a new amendment to the Franchise Agreement and will: 1) establish a better means of addressing recycling costs and revenues going forward, 2) streamline and simplify the overall rate setting process, and 3) resolve other contractual issues that have been identified since the last amendment to the Franchise Agreement.

BACKGROUND

Each year, the District holds a public hearing to set the maximum collection rates that can be charged by MSS in the District. These rates are based on a specific methodology contained in the Franchise Agreement the District has with MSS. This background section of the staff report will illustrate the overall context for the rate setting process and the proposed amendment to the Franchise Agreement with MSS. For purposes of clarity the terms “current Franchise Agreement” and “proposed Franchise Agreement” will



be used, the latter referring to the Amendment to Franchise Agreement being brought forth for consideration, which if approved, will govern rate setting processes going forward.

Current Franchise Agreement and Marin Franchisors' Group

The District's Ordinance Code Title 4, Chapter 1 provides for the regulation of refuse collection within the unincorporated areas of the District boundaries. Marin Sanitary Service (MSS) is the District's sole provider of refuse hauling and recycling services and performs these services in many surrounding communities as well. These services are pursuant to a collection agreement, otherwise known as a Franchise Agreement between the District and the company. The Franchise Agreement outlines the services that must be provided by MSS as well as a methodology to be followed to set customer rates each year.

Several jurisdictions in Marin that have similar agreements with MSS joined together as the Marin Franchisors' Group to share information and reduce costs. These jurisdictions are: San Rafael, Larkspur, Ross, the Las Gallinas Valley Sanitary District, and the County of Marin, including within the Ross Valley Sanitary District boundaries. The Marin Franchisors' Group ("Franchisors") meets several times per year to oversee MSS's operations and works together to conduct a single annual rate review and analysis rather than each jurisdiction having to conduct and pay for a separate review.

The current Franchise Agreement was negotiated in 2013 as the Revised and Restated Exclusive Franchise Agreement. This 2013 Agreement included a Recycling Reserve Fund in the rate setting methodology. It was established to capture a portion of recycling revenues (net of expenses) for rate payers since the markets for recycling had been strong for several years, and to provide a cushion for when minor losses occurred. However, the Recycling Reserve Fund is currently not able to accommodate the recent major downturns in recycling markets, which will be discussed more in the Analysis section of this staff report below.

As required under the current Franchise Agreement, the District Board holds an annual public hearing to set the maximum collection rates that can be charged by MSS for services outlined in the Agreement. The current Franchise Agreement provides for a detailed, base year review of MSS's operations every three years. Annual summary reviews using modified indices are conducted for the next two years. The last detailed review was conducted for the 2016 rate year. The proposed rate levels for 2019 are based on a detailed review.

Marin Sanitary Services and Programs

MSS provides residential, commercial and multi-family refuse services, including garbage, recycling and organics collection and processing. MSS also provides garbage and recycling pick-up for District facilities.

Residential service includes single-family units and three or fewer units in a single structure. Residential customers receive weekly garbage, recycling, and organics composting collection services. Residential customers also receive twice yearly residential curbside collections of up to 14 additional bags/cans of yard waste, recycling, and/or garbage; and twice yearly residential on-call collection of up to two large items each time.

Commercial service includes all businesses and residential apartment buildings with four or more units. Commercial customers receive separate garbage and recycling containers as well as cardboard pickup, and may choose from a variety of carts, bins, and commercial compactors. In addition, customers are offered the choice of two commercial organics diversion programs. Customers with significant amounts of pre-consumer food waste may participate in the Food to Energy program. Commercial customers with post-consumer food waste, food soiled papers, and yard waste may participate in the commercial composting program. All commercial services can be picked up from one to six times per week.



Multi-family buildings are considered commercial services since they are a business enterprise and operate differently than single family homes. They receive separate garbage, recycling, and organics containers depending on the area available for can storage. MSS works with apartment managers and tenants to develop 'green teams' to increase recycling and composting at their complexes.

In addition, MSS is a key partner in the District's environmental goals as well as the County's Zero Waste Goal, which attempts to achieve a 94% diversion of waste from landfill by 2025. MSS conducts outreach for the District for the State's Mandatory Commercial Recycling and Mandatory Composting laws (AB 341, AB 1826, and SB 1383), which place requirements on businesses to recycle and compost, and requires annual monitoring and notifications to non-compliant businesses.

MSS has a robust community outreach and education program, which provides resources to all customers including businesses, multifamily dwellings and schools to encourage recycling and other zero waste activities at no additional cost to the customer. They conduct numerous programs and community offerings, including an annual free compost giveaway and customer education event. Finally, MSS has also assisted with illegal dumping abatement within the District.

State of the Industry

Since the 2013 revision to the Franchise Agreement, numerous changes have taken place in the industry. First, recognizing the negative impacts of organic materials decomposing in landfills on climate change, the State of California has started mandating that local jurisdictions provide curbside composting programs. Subsequent legislation mandates that businesses of certain thresholds compost their organic materials, and it is projected that the State will mandate that all residents and businesses compost their organic waste in the coming years (AB 1826 and SB 1383) while also placing new requirements on local governments to implement, monitor and enforce participation in organic waste programs.

The second major change that has taken place has to do with the recycling commodities markets. Recycling commodities markets have been on a steep decline for the past three years, resulting in reduced revenues for recycling companies and the closure of more than 1,000 recycling buy-back centers throughout the State. For example, between January 2017 and February 2018, MSS saw prices drop for mixed paper recycling from approximately \$155 per ton to \$20 per ton. This market collapse is not only being felt in the local jurisdictions but has been widespread throughout California and the rest of the nation. These existing market conditions are expected to continue into the foreseeable future.

In November 2016, MSS notified the District and the other members of the Marin Franchisors' Group that recycling deficits in the Recycling Reserve Fund had exceeded the amount necessary to trigger a provision in the Franchise Agreement which called for a meet-and-confer process to address the deficits. The Franchisors and MSS agreed to begin the meet-and-confer negotiations in 2017. In addition, the Franchisors and MSS agreed to use the opportunity to review and adjust the overall methodology for setting customer rates each year, known as Exhibit B in the Franchise Agreement. There has been broad agreement that the current methodology can be confusing, has become costly and time-consuming, and does not provide an adequate level of predictability or stability for rate payers or MSS.

ANALYSIS:

This section will outline the rationale for the two items under consideration:

- A. The rate adjustment for 2019
- B. The amendment to the Franchise Agreement



A. Rate Adjustment for 2019

Rate Review and Methodology

Over the past ten years rate adjustments have ranged from less than one percent to over 10% with an average of 5.82%. Last year's adjustment was 5.57%. Waste haulers around the state are experiencing recycling losses and increases in labor and benefits expenses, among other things. In the past year other Marin County jurisdictions have experienced rate adjustments ranging from approximately 14%-19% in Mill Valley, Belvedere, Corte Madera, Tiburon, and Tamalpais Community Services District. In the past two years, rates increased by 15% in San Francisco to more than 50% in Piedmont, Windsor and Santa Rosa, with similar adjustments occurring or forthcoming in many other Bay Area jurisdictions. This is the result of many factors, including a growing amount of solid waste, recycling, and compostable materials generated by residents and businesses, increasing requirements to divert waste from landfill, increasing costs of processing recyclables and compostable materials, decreasing value of recyclable materials, increasing costs of capital and equipment to implement new standards and requirements, and increasing costs of labor in a constrained labor market.

In 2017 the Franchisors' Group selected R3 Consulting Group, Inc. to conduct the 2019 rate review. The Franchisors' Group selected R3 based on their work on the rate methodology analysis and meet-and-confer process with MSS.

Adjustments

MSS submitted their 2019 summary rate application in August with a proposed 13.98% increase over 2018 rates, not including treatment of prior recycling losses and 2019 recyclables processing costs. Had those elements been fully included in the 2019 rate adjustment, R3 estimates that the rate adjustment would have been 21.40%.

R3 reviewed the application and all relevant documents and financial schedules with MSS and recommends an increase in the base rate of 9.6% to the District's rates in 2019, including resolution of prior recycling deficits. These will be carried in the rates over three years from 2019 through 2021 at a rate impact of approximately 0.44% in 2019. The change in the Franchise Fee structure from a flat fee to one based on 5% of revenues adds 4.73% to the rate for a total increase for 2019 of 14.33%. The full rate review and proposed adjustments are contained in the R3 Report (Attachment B). The following table (Table 3 from the R3 Report) contains a summary of the rate increase components, which reflect projected costs for 2019 utilizing the current agreed upon rate setting methodology in the current Franchise Agreement with one exception. As a result of the meet-and-confer, MSS and the Franchisors' Group also negotiated to include funding of recyclables processing costs in the 2019 rates, as well as resolution of prior recycling losses. This is further explained in the RECYCLABLES PROCESSING & PRIOR DEFICITS line item in the Adjustments section below.



Table 3

Rate Components	MSS Original Application	Breakdown of 2019 Recommended Increase
Labor	5.98%	4.69%
Franchise Fees	0.96%	2.67%
Recyclables Processing and Prior Losses	-	3.42%
Fuel and Oil	0.76%	1.17%
Maintenance	0.81%	0.81%
Benefits	0.79%	0.55%
Profit	1.15%	0.56%
Garbage Landfilling and Organics Processing	0.36%	0.06%
Interest	0.93%	-0.37%
General and Administrative	1.16%	-0.54%
Depreciation and Leases	1.00%	-0.56%
Zero Waste Marin Fees	0.08%	-0.61%
Revenue Projections	-	-2.25%
Total	13.98%	9.60%

The following is a summary of the reasons underlying the rate request broken out by major rate categories:

LABOR: The increase is due to normal cost-of-living increases in base labor costs, new MSS positions including a Director of Human Resources and a Route/Contamination Auditor, impacts of aging workforce turn-over, and reconciliation of actual labor costs compared to prior allowed increases via indexed adjustments.

FRANCHISE FEES: Franchise fees for the Marin Franchisors’ Group are set based on a percentage of gross rate revenues charged and received by MSS. The increase in 2019 is due to increasing rate revenues as well as a change to the franchise fee amount set by Las Gallinas Valley Sanitary District, which the District wishes to increase from \$25,000 per year to 5% of gross rate revenues (and which will only increase rates for Las Gallinas Valley Sanitary District rate-payers). This year jurisdictional fees were attributed only to that local jurisdiction’s rates rather than aggregating and dividing amongst all members of the Marin Franchisors’ Group.

RECYCLABLES PROCESSING & PRIOR LOSSES: MSS’s rate application did not include rate impacts of prior recycling losses of up to up to \$1.15 million and did not include net costs to process recyclables due to the ongoing negotiations. MSS and the Marin Franchisors’ Group negotiated resolution of prior recycling losses, with MSS waiving 2/3 of the \$1.15 million in accumulated losses, and the remaining ~\$350,000 in losses being included in the rates over three years from 2019 to 2021, comprising 0.44% of the 2019 rate increase. Net recyclables processing costs (total processing costs less revenues from sale and redemption of recyclables) comprise 2.52% of the 2019 rate increase and are set based on a negotiated net processing cost of \$40/ton.

FUEL AND OIL: Approximately 3/4 of this increase is due to the increases in the cost of fuel projected for 2019 above the price in 2018. The remaining 1/4 is due to true-ups reconciling prior fuel and oil expenses



for 2017 (actual) and 2018 (projected) compared to prior projections, which will be amortized and included in the rates over the next three years from 2019 to 2021, comprising 0.23% of the 2019 rate increase. True-ups in prior year expenses for fuel and oil are allowed under the current rate adjustment methodology but are proposed for removal as a part of the new rate adjustment methodology.

PROFIT: This is MSS's allowable profit, which is an agreed upon "operating margin" of 90.5%. Profit is calculated as a function of total operating expenses divided by 90.5%, less total operating expenses.

GARBAGE LANDFILLING AND ORGANICS PROCESSING: This is based on projected tonnages and tipping fees in 2019 as well as a "true-up" of real costs accumulated in 2017 and 2018 compared to projections of amounts of waste taken to landfill and the charges incurred. Prior true-ups will be included in the rates over the next three years from 2019 to 2021, comprising 0.05% of the increase in 2019, and are proposed for removal as part of the new rate adjustment methodology.

DEPRECIATION AND INTEREST: These two categories are composed of the real allocated costs associated with financing facilities and equipment, including upgrading and modernizing MSS's fleet, which are more fuel efficient and use cleaner technology.

GENERAL AND ADMINISTRATIVE: G&A includes costs such as public outreach, professional fees, and computer hardware/software.

ZERO WASTE MARIN FEES: Zero Waste Marin fees are adjusted to reflect anticipated charges by the County, which are projected to decrease in 2019 for MSS expenses applicable to the Marin Franchisors' Group. Furthermore, this component was removed from the MSS profit calculation.

REVENUE PROJECTIONS: MSS's projections of revenues were determined to be low given the new rate methodology anticipated for adoption by the Marin Franchisors' Group. R3 provided updated projections that reduce the overall needed rate adjustment.

Rate Payer Categories and Comparisons

With the above recommendation, the cost of a 32-gallon residential landfill cart will be increased approximately \$4.74 per month, from \$33.05 to \$37.79. The cost of commercial service for a 3-yard landfill dumpster picked up once per week will be increased by approximately \$68.61 per month, from \$478.81 to \$547.42. Recycling is included in all accounts. Businesses with a vigorous recycling program can reduce their regular container size or pickup schedule, resulting in lower rates.

R3 conducted a survey of Bay Area refuse haulers as part of the rate review, included in Attachment B. It summarizes the survey data for residential 30-35 gallon can weekly service with curbside recycling and organics pickup. Note that proposed 2019 rates are not available for other jurisdictions yet; so this comparison in proposed District 2019 rates to other jurisdictions may understate the final rates that will result.

The 2019 proposed rate of \$37.79 in the District's jurisdiction is less than the Marin County average of \$41.69 and slightly higher than the Bay Area average, which is \$36.76. Attachment B also compares the District's three-yard commercial bin (once a week) service to those of all Bay Area cities and agencies with similar services. The District rate of \$547.42 is higher than the average of other Marin County jurisdictions average which is \$495.66 and higher than the Bay Area average, which is \$420.05. However, it is important to note that all jurisdictions provide different services and levels of services, making apples-to-apples comparisons problematic. The District's rates have traditionally been comparable with rates in other Bay Area jurisdictions, while often providing more services.



As in previous years, staff is recommending that the rate adjustment be applied across the board to all residential, multi-family and commercial service accounts. Actual rates for all services are provided as an attachment to the Resolution included with this report.

B. Amendment to the Franchise Agreement

The District's Franchise Agreement was last amended and adopted in March 2013.

In May 2017, after a competitive selection process, the City of San Rafael entered into a contract with R3 Consulting Group, Inc. (R3) on behalf of the Marin Franchisors' Group to conduct an analysis of the issues; and to assist with the meet-and-confer with MSS. As the lead agency for the Franchisor's Group, the City of San Rafael staff engaged San Rafael City Councilmembers Bushey and Colin as an ad-hoc subcommittee to oversee the process. This process had three primary goals:

- 1) Establish a resolution for the over **\$1 million in losses in the Recycling Reserve Fund (RRF)** carried by the company since the recycling market crash,
- 2) Develop a **new model for handling recycling costs and revenues** to replace the RRF that would add greater certainty for rate setting going forward, and
- 3) Revise the overall **methodology for setting rates** to achieve goals of streamlining, simplification, rate stability and recognition of the value of recycling and composting.

In addition, two secondary items were identified during the process:

- 4) Establish **performance metrics** and tracking to better understand qualitative outcomes of MSS' operations and outreach, and
- 5) Revise and institute formal **succession planning and assignment** language and documentation

Concurrently, R3 concluded a detailed rate analysis for 2019, which will set a baseline for future rate adjustments going forward. The following sections summarize the outcomes of the meet-and-confer negotiations.

1. Recycling Reserve Fund Deficits

To date, the Marin Franchisors' Group share of the deficit in the Recycling Reserve Fund total approximately \$1.15 million. MSS has agreed to forego 2/3 of the total Franchisors' share and to amortize the remaining 1/3 (approximately \$350,000) over 3 years. This results in a 0.44% rate impact each year for 2019, 2020, and 2021. This will be a separate item from the annual rate adjustment calculation, so it will not be compounded over time, nor will there be interest added. Note that this \$1.15 million only represents the half of the losses that were assigned to the Franchisors in the Fund; MSS assumed the liability for their half equaling \$1.15 million. This agreement to cut the Franchisors' share of the deficits by 2/3 is a significant concession by MSS resulting in minimal impact to the rate payers.

2. New Model for Recycling Costs and Revenue

If approved, the proposed amendment to the Franchise Agreement will eliminate the current Recycling Reserve Fund and replace it with a net processing fee: MSS will be paid an annually adjusted processing fee minus revenues from the sale of recyclable materials. This new method of calculating recycling in the annual rate application includes an incentive for MSS to seek the best prices for selling the materials. This will be accomplished by only funding 90% of MSS's cost to process recyclables (yielding a shortfall for MSS to fill) while allowing MSS to keep 90% of the recycling revenues (as a means of funding the shortfall noted above). Since the cost of recyclables processing is greater than the revenues, MSS will then be incentivized to maximize recycling revenues in order to cover the costs of recyclables processing.



The processing costs and recycling revenues will be reviewed annually, and should there be significant changes to the markets again there is a provision to review and adjust as necessary to mutually benefit rate payers and MSS. This threshold is being set at a 10% difference in either revenues or losses for two consecutive years. In this way should markets completely drop out MSS has a means to address further significant losses. However, should markets rebound significantly the District also has a means to ensure that these revenues help offset customer rates.

3. New Methodology for Setting Rates

The proposed amendment to the Franchise Agreement includes a substantially streamlined and simplified annual rate adjustment methodology. Unlike the current methodology, which sets rates based on actual MSS costs and profits (aka a “cost-plus contract”) the new methodology will set rates based on set revenues due to MSS, which will be escalated annually based on one simple Water, Sewer, and Trash Collection, U.S. city average, Bureau of Labor Statistics ID CUSROOOOSEHG (WST) index, which has increased between 2 to 5% annually in recent years. This will streamline and simplify the rate setting process, placing more incentive on MSS to live within the regulated revenue amount, and will significantly reduce annual costs and time for consultants and staff to conduct the annual reviews. Every 5 years MSS or the Marin Franchisors’ Group may request a detailed review should there be a need. This differs from the current Agreement, which stipulates an automatic detailed review every 3rd year. All true-up provisions of the old methodology will also be removed. Staff expects a 70-80% reduction in time and costs annually to prepare the rate review.

In addition to the streamlining stated above, the proposed amendment will include a 2.5% minimum and a 5% maximum rate cap for MSS’ operational expenses. This excludes franchise/agency fees and the cost of processing, recycling, composting and disposal (the latter of which are not subject to MSS control but are subject to fluctuation based on market conditions and amounts of waste generated by residents and businesses). This will not eliminate the possibility of experiencing an overall rate increase greater than 5% on occasion, but generally should curtail the likelihood of large future year rate increases.

As part of the analysis, R3 conducted a thorough review of MSS’ expenses and revenues for 2019. This was important to do concurrently with the new amendment to the Franchise Agreement in order to have 3rd party verified figures for the recycling deficits and a better understanding of the projected costs and revenues for future years using a new methodology. One significant outcome of this analysis projects that using the new methodology, and barring any significant upsets in the industry, rates are more likely to adjust by approximately 3-4% annually. This new proposed rate setting methodology will require MSS to manage all of their controllable expenses to the greatest extent possible while also providing greater rate certainty.

4. Performance Metrics

MSS agreed to establish new performance metrics for outreach and education as well as regular operations, billing, and customer service. Details of the specific performance metrics and MSS reporting procedures will be established collaboratively between the Marin Franchisors’ Group agencies and MSS by June 30, 2019. However, there is now a provision for conducting formal performance reviews at the direction of the Franchisors. MSS is known for quality services, a dedication to recycling and composting, and environmental stewardship. This allows for quantifying and analyzing where there is real impact and where there is room for improvement going forward.



5. Succession Planning & Assignment

Although MSS has stated they are not selling nor are they interested in selling the company, they agreed to prepare formal succession planning documentation to be provided to the franchisor agencies in the coming year, and regularly thereafter. They have also developed and provided new assignment language for the Franchise Agreement that will give the Franchisors more control over any proposed sale of the company. This provides for up to \$200,000 for agency costs to review and assist with the District's interests if the company were to sell in the future, while ensuring that the MSS standards of service continue to be met. District Counsel has reviewed and provided input on the language, which has been incorporated into the final version, included here as Attachment C.

In addition to the above, Exhibit A of the Franchise Agreement, MSS Description of Services, was updated to catch up to current State legislation around organic materials collection and processing. Commercial, multi-family, and single-family organic materials collection and composting services were added where appropriate, and other minor updates and clarifications were completed as well.

In conclusion, staff, MSS, and R3 concur that this proposed amendment to the Franchise Agreement will help achieve the following outcomes:

- Stable and predictable rates for the next 5 years, and a firm basis for rate control in future years,
- Continued verifiable high levels of quality services for the District's residents, businesses and institutions, and
- Simplified annual rate setting methodology that saves significantly on consultant costs and staff time to conduct while improving accuracy and transparency.

The amendment is included in Attachment C. Should these amendments be approved, they will go into effect for the rate setting process beginning next year and applicable to the 2020 rates.

FISCAL IMPACT:

Increasing MSS's rates will result in an increase to the franchise fees paid by MSS to the District from \$25,000 to an estimated \$145,000 on a calendar year basis. Approving these amendments will reduce the annual cost for consultants to review the rate applications by several tens of thousands of dollars annually. In addition, the financial intent of the new methodology is to provide for greater rate stability and predictability and to reduce the potential for large rate increases in the future.

STAFF RECOMMENDATION:

- A. Set a public hearing for January 10, 2019 to allow for discussion and input from the public concerning the proposed rate increase.
- B. Provide comment on the proposed amendment to the Franchise Agreement with Marin Sanitary Service.

PERSON TO BE NOTIFIED:

District residents and commercial customers to be notified through publishing a notice of the public hearing in the Marin Independent Journal and posted on the District's website and at the front gate.

ATTACHMENTS:

- Attachment A: Draft of Ordinance Resolution with Rate Schedule
Attachment B: R3 Review of MSS Rate Application, including Bay Area Rate Survey
Attachment C: Proposed First Amendment to Revised and Restated Exclusive Franchise Agreement to Collect, Transfer, Process, Market, and Dispose of Solid Wasted, Recyclable and Organic Materials Between Marin Sanitary Service and The Las Gallinas Valley Sanitary District.

**BOARD OF DIRECTORS OF THE
LAS GALLINAS VALLEY SANITARY DISTRICT**

ORDINANCE NO. 175

**AN ORDINANCE AMENDING CHAPTER 1, AN ORDINANCE REGULATING SOLID
WASTE, RECYCLABLE AND ORGANIC MATERIALS, AND THE COLLECTION,
REMOVAL AND DISPOSAL THEREOF, TITLE 4 – GARBAGE SERVICE, AS
AMENDED, OF THE ORDINANCE CODE OF THE LAS GALLINAS VALLEY
SANITARY DISTRICT.**

The Board of Directors of the Las Gallinas Valley Sanitary District, Marin County, California, does ordain as follows:

Appendix A of Title 4, Chapter 1 of the Las Gallinas Valley Sanitary District Ordinance Code is amended to read as follows:

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MALG		RESIDENTIAL REFUSE COLLECTION RATES		Rate 14.33%
				Effective 1/1/2019
Residential Service (Bundled service includes 1 landfill (garbage) cart, 1 organics cart, & 1 recycling split cart)				
RECURRING CHARGES	Weekly Service Rates (Billed Quarterly)		2019 Flat rate	
		Monthly Rate	Quarterly Rate	
	20 gallon cart	\$32.13	\$96.39	
	32 gallon cart	\$37.79	\$113.37	
	64 gallon cart	\$75.58	\$226.74	
	96 gallon cart	\$113.37	\$340.11	
	Low income - 20 gal* cart	\$25.64	\$76.92	
	Low income - 32 gal* cart	\$30.24	\$90.72	
	Low income - 64 gal* cart	\$60.47	\$181.41	
	Additional Organics Cart Rental (35 or 64 gallon cart)	\$2.22	\$6.66	
	Additional Split Cart Rental (64 or 96 gallon cart)	\$2.22	\$6.66	
	Additional Monthly Charges	Monthly Fee (per cart, each way)	Quarterly Fee	
	Distance 5' - 50'	\$5.18	\$15.54	
Distance Over 50'	\$6.67	\$20.01		

*Must meet PG&E CARE program eligibility requirements.

**Customers with these rates prior to 2005 will keep the existing rate type. No new customers will be added with this rate type.

NOTE: We may not be able to accommodate any collection requests NOT at the curb due to a variety of factors including safety, accessibility, and efficiency. Requests to be assessed and approved by Route Manager.

ONE TIME SERVICE FEES	Additional Service Fees per Occurrence	2019 Fee
	Return Fees - Off day	\$25.00
	Return Fees - Same day	\$10.00
	Resume Service/Late Fee	\$35.00
	Contamination (cart) any size cart	\$30.00
	Overload/Overweight (cart)	\$25.00
	Extra bag garbage	\$15.00
	Extra bag yard waste	\$10.00
	Steam Clean (cart)	\$15.00
	Special Collection	\$35.00
	Special Handling (Bulky items)	\$30.00
	Bulky item fees per item	Fees Vary
	Cart Strap Set-up Admin Fee	\$25.00
	20 Gal Cart Replacement Fee	\$55.00
	32 Gal Cart Replacement Fee	\$60.00
	64 Gal Cart Replacement Fee	\$65.00
96 Gal Cart Replacement Fee	\$75.00	
64 Gal Split Cart Replacement Fee	\$90.00	
96 Gal Split Cart Replacement Fee	\$100.00	

MALG		COMMERCIAL REFUSE COLLECTION RATES					14.33% Increase Effective 1/01/19	
RECURRING CHARGES	COMMERCIAL CARTS, BINS, ROLL-OFFS	Collections per Week						Additional One Time Empty
	Garbage	1	2	3	4	5	6	
	20 gallon cart*	\$32.86	\$65.72	\$98.58	\$131.43	\$164.29	\$197.15	\$7.58
	32 gallon cart	\$38.65	\$77.31	\$115.96	\$154.62	\$193.27	\$231.93	\$8.92
	64 gallon cart	\$77.31	\$154.62	\$231.93	\$309.24	\$386.55	\$463.86	\$17.84
	96 gallon cart	\$115.96	\$231.93	\$347.89	\$463.86	\$579.82	\$695.79	\$26.76
	1 yard bin	\$270.55	\$541.75	\$812.30	\$1,082.85	\$1,353.99	\$1,624.48	\$62.43
	2 yard bin	\$408.99	\$789.69	\$1,170.10	\$1,550.47	\$1,931.17	\$2,311.55	\$94.38
	3 yard bin	\$547.42	\$1,037.62	\$1,527.89	\$2,018.10	\$2,508.35	\$2,998.62	\$126.33
	4 yard bin	\$722.79	\$1,416.91	\$2,111.19	\$2,805.26	\$3,499.41	\$4,193.78	\$166.80
	5 yard bin	\$898.17	\$1,796.22	\$2,694.51	\$3,592.42	\$4,490.47	\$5,388.96	\$207.27
	6 yard bin	\$1,040.11	\$1,971.50	\$2,902.99	\$3,834.38	\$4,765.88	\$5,697.38	\$240.02
	10 yard roll-off	\$1,652.48	\$3,133.49	\$4,614.16	\$6,094.98	\$7,576.10	\$9,056.86	\$381.34
	18 yard roll-off	\$2,711.93	\$5,081.72	\$7,451.45	\$9,821.31	\$12,191.29	\$14,561.02	\$625.83
	20 yard roll-off	\$3,304.96	\$6,266.98	\$9,228.32	\$12,189.96	\$15,152.20	\$18,113.72	\$762.68
	25 yard roll-off	\$4,131.20	\$7,833.73	\$11,535.40	\$15,237.45	\$18,940.25	\$22,642.15	\$953.35
	Organics (F2E or Compost)	1	2	3	4	5	6	Additional One Time Empty
	32 gallon	\$18.25	\$36.50	\$54.75	\$73.00	\$91.25	\$109.50	\$4.21
	64 gallon	\$36.50	\$73.00	\$109.50	\$146.00	\$182.50	\$219.00	\$8.42
	1 yard	\$127.73	\$255.46	\$383.19	\$510.92	\$638.65	\$766.38	\$29.48
	2 yard	\$255.46	\$510.92	\$766.38	\$1,021.84	\$1,277.30	\$1,532.76	\$58.95
	3 yard	\$383.19	\$766.38	\$1,149.57	\$1,532.76	\$1,915.95	\$2,299.14	\$88.43
	10 yard roll-off	\$1,156.74	\$2,313.48	\$3,470.22	\$4,626.96	\$5,783.70	\$6,940.44	\$266.94
	18 yard roll-off	\$2,082.13	\$4,164.26	\$6,246.40	\$8,328.53	\$10,410.66	\$12,492.79	\$480.49
	20 yard roll-off	\$2,313.48	\$4,626.96	\$6,940.44	\$9,253.92	\$11,567.40	\$13,880.88	\$533.88
	25 yard roll-off	\$2,891.85	\$5,783.70	\$8,675.55	\$11,567.40	\$14,459.25	\$17,351.10	\$667.35
	Garbage Compactors (Per empty)							
	Roll-off Compactor Tipping fee per ton	\$131.16	Roll-off Compactor Hauling charge	\$266.38				
	Stationary FL (Per Compacted Yard)	\$111.08	Roll-off Compactor Special handling	Rates Vary				
	Other Charges	Service	Fee	Details				
		Lock	\$25.00	Monthly fee				
		Box rental	Fees Vary	Min. Bimonthly fee				
		Distance < 50ft	\$5.18	Monthly fee per cart, each way				
		Distance > 50ft	\$6.66	Monthly fee per cart, each way				

* Customers must have a sufficient level of service for the volume of material generated. Requests for 20gal carts require assessment and approval of a Route Manager.

NOTE: All container types and sizes may not be available at all locations depending on a variety of factors including safety, accessibility, and efficiency. Requests to be assessed and approved by Route Manager

NOTE: Roll-offs for organics available on request at 30% discount on above garbage rates.

ONE TIME SERVICE FEES	Commercial Service Fees	Fee
		Return Fee - BIN
	Return Fee - CART -same day	\$10.00
	Return Fee - CART -off day	\$25.00
	Late Fee/Resume Service Fee	\$35.00
	Contamination (BIN)	\$50.00
	Contamination (CART)	\$30.00
	Overload/Compaction (BIN)	\$60.00
	Overload/Compaction (CART)	\$25.00
	Extra Bag Garbage	\$15.00
	Additional Empty BIN	Fees vary
	Extra Bag Yard Waste	\$15.00
	Steam Clean (1-6 yard BIN)	\$95.00
	Steam Clean (CART)	\$15.00
	Steam Clean (COMPACTOR/ROLL-OFF)	\$225.00
	Lock Set-up Admin Fee	\$25.00
	Lock Single Use Fee	\$5.00
	Lock Purchase Fee	\$20.00
	Lock Bar Bin Set-up Fee	\$75.00
	Overweight Charge Per Ton*	\$205.00
	20 Gal Cart Replacement Fee	\$55.00
	32 Gal Cart Replacement Fee	\$60.00
	64 Gal Cart Replacement Fee	\$65.00
	96 Gal Cart Replacement Fee	\$75.00
	64 Gal Split Cart Replacement Fee	\$90.00
	96 Gal Split Cart Replacement Fee	\$100.00
	Bin Repair/Replacement Fee**	Fees vary by size up to \$1,200

*(Boxes exceeding 300lbs/yard)

**Fees vary by size not to exceed current replacement value.

MALG		14.33% Increase Effective 1/01/19						
MFD CARTS, BINS, ROLL-OFFS		Collections per Week						Additional One Time Empty
Garbage	1	2	3	4	5	6		
20 gallon cart*	\$32.12	\$64.23	\$96.35	\$128.46	\$160.58	\$192.69	\$7.41	
32 gallon cart	\$37.79	\$75.57	\$113.36	\$151.14	\$188.93	\$226.72	\$8.72	
64 gallon cart	\$75.57	\$151.14	\$226.72	\$302.29	\$377.86	\$453.43	\$17.44	
96 gallon cart	\$113.36	\$226.72	\$340.07	\$453.43	\$566.79	\$680.15	\$26.16	
1 yard bin	\$249.88	\$432.91	\$615.87	\$798.90	\$981.92	\$1,164.97	\$57.66	
2 yard bin	\$408.99	\$789.69	\$1,170.10	\$1,550.47	\$1,931.17	\$2,311.55	\$94.38	
3 yard bin	\$547.42	\$1,037.62	\$1,527.89	\$2,018.10	\$2,508.29	\$2,998.49	\$126.33	
4 yard bin	\$722.79	\$1,416.91	\$2,111.19	\$2,805.26	\$3,499.41	\$4,193.78	\$166.80	
5 yard bin	\$898.17	\$1,796.22	\$2,694.51	\$3,592.42	\$4,490.47	\$5,388.96	\$207.27	
6 yard bin	\$1,040.11	\$1,971.50	\$2,902.99	\$3,834.38	\$4,765.88	\$5,697.38	\$240.02	
10 yard roll-off	\$1,652.48	\$3,133.49	\$4,614.16	\$6,094.98	\$7,576.10	\$9,056.86	\$381.34	
18 yard roll-off	\$2,711.93	\$5,081.72	\$7,451.45	\$9,821.31	\$12,191.29	\$14,561.02	\$625.83	
20 yard roll-off	\$3,304.96	\$6,266.98	\$9,228.32	\$12,189.96	\$15,152.20	\$18,113.72	\$762.68	
25 yard roll-off	\$4,131.20	\$7,833.73	\$11,535.40	\$15,237.45	\$18,940.25	\$22,642.15	\$953.35	
Organics	1	2	3	4	5	6	Additional One Time Empty	
Additional Organics Cart Rental (35 gallon cart) after 4 TOTAL carts per cart per month	\$2.22	NA	NA	NA	NA	NA	NA	
Additional Organics Cart Rental (64 gallon cart) after 4 TOTAL carts per cart per month.	\$2.22	NA	NA	NA	NA	NA	NA	
1 yard	\$127.73	\$255.46	\$383.19	\$510.92	\$638.65	\$766.38	\$29.48	
2 yard	\$255.46	\$510.92	\$766.38	\$1,021.84	\$1,277.30	\$1,532.76	\$58.95	
3 yard	\$383.19	\$766.38	\$1,149.57	\$1,532.76	\$1,915.95	\$2,299.14	\$88.43	
Garbage Compactors (Per empty)								
Roll-off Compactor Tipping fee per ton	\$131.16	Roll-off Compactor Hauling charge	\$266.38					
Stationary FL (Per Compacted Yard)	\$111.08	Roll-off Compactor Special handling	Rates Vary					
Other Charges	Service	Fee	Details					
	Lock	\$25.00	Monthly fee					
	Box rental	Fees Vary	Min. Bimonthly fee					
	Distance < 50ft	\$5.18	Monthly fee per cart, each					
Distance > 50ft	\$6.67	Monthly fee per cart, each						

NOTE: Minimum service level is 32 gallons per unit or equivalent volume. Decrease to 20 gallon per unit is subject to company review and approval.
 NOTE: Up to four (4) Organics carts provided at no additional charge. Additional carts may be rented for a nominal monthly fee.
 NOTE: All container types and sizes may not be available at all locations depending on a variety of factors including safety, accessibility, and efficiency. Requests to be assessed and approved by Route Manager.

MFD One Time Service Fees	Fee
Return Fee - BIN	\$75.00
Return Fee - CART -same day	\$10.00
Return Fee - CART -off day	\$25.00
Late Fee/Resume Service Fee	\$35.00
Contamination (BIN) Per Yard	\$50.00
Contamination (CART)	\$30.00
Overload/Compaction (BIN)	\$60.00
Overload/Compaction (CART)	\$25.00
Additional Empty Bag	\$15.00
Extra Bag Yard Waste	\$10.00
Additional Empty Garbage	Fees vary
Steam Clean (BIN)	\$95.00
Steam Clean (CART)	\$15.00
Steam Clean (COMPACTOR/ROLL-OFF)	\$225.00
Lock Set-up Admin Fee	\$25.00
Lock Single Use Fee	\$5.00
Lock Purchase Fee	\$20.00
Lock Bar Bin Set-up Fee	\$75.00
Overweight Charge Per Ton*	\$205.00
20 Gal Cart Replacement Fee	\$55.00
32 Gal Cart Replacement Fee	\$60.00
64 Gal Cart Replacement Fee	\$65.00
96 Gal Cart Replacement Fee	\$75.00
64 Gal Split Cart Replacement Fee	\$90.00
96 Gal Split Cart Replacement Fee	\$100.00
Bin Repair/Replacement Fee**	Fees vary by size up to \$1,200

*(Boxes exceeding 300lbs/yard)
 **Fees vary by size not to exceed current replacement value.

All other ordinances and parts of ordinances inconsistent herewith are hereby repealed.

* * * * *

I hereby certify that the foregoing is full, true, and correct copy of the Ordinance duly and regularly passed and adopted by the Sanitary Board of the Las Gallinas Valley Sanitary District of Marin County, California, at a meeting hereof held on January 10, 2019, by the following vote of members thereof:

AYES:

NOES:

ABSTAIN:

ABSENT:

Teresa Lerch, District Secretary
Las Gallinas Valley Sanitary District

APPROVED:

XXXXXXXXXX, Board President
Las Gallinas Valley Sanitary District

(seal)

FINAL REPORT

**Review of Marin Sanitary Service's 2019
Rate Application**



SUBMITTED TO:

Marin Franchisors' Group

December 4, 2018

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- 3 Bay Area Rate Survey
- 4 Chart of 2019 Residential 32-Gallon Rates
- 5 Chart of 2019 Commercial 3 Cubic Yard Rates



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December 4, 2018

Ms. Cristine Alilovich
Assistant City Manager
City of San Rafael
1400 Fifth Avenue
San Rafael, CA 94919

Mr. Dan Schwarz
City Manager
City of Larkspur
400 Magnolia Avenue
Larkspur, CA 94939

Mr. Ernest Klock
Assistant Director
County of Marin
Department of Public Works
3501 Civic Center Drive, Suite 304
San Rafael, CA 94903

Mr. Joe Chinn
Town Manager
Town of Ross
31 Sir Francis Drake Blvd
Ross, CA 94957

Ms. Susan McGuire
Administrative Services Manager
Las Gallinas Valley Sanitary District
300 Smith Ranch Road
San Rafael, CA 94903

Subject: Review of Marin Sanitary Service's 2019 Rate Application, Final Report

Dear Ms. McGuire, Ms. Alilovich, Mr. Klock, Mr. Schwarz and Mr. Chinn,

R3 Consulting Group, Inc. (R3) is pleased to submit the attached Final Report detailing the results of our review of Marin Sanitary Service's (MSS's) 2019 rate application for the Marin Franchisors' Group. This Report summarizes results from a detailed base year review of MSS's 2019 rate application and the results of the negotiated outcomes from the recently completed "meet and confer" between the Marin Franchisors' Group and MSS.

Marin Sanitary Application for 2019 Rate Adjustment

On August 15, 2018, Marin Sanitary Service (MSS) submitted its application for an 13.98% increase to its solid waste rates, to be effective January 1, 2019. Per the Franchise Agreements between MSS and the members of the Marin Franchisors' Group, 2019 is a "base year rate adjustment" meaning that MSS prepares its 2019 projections of expenses and revenues based on actual prior, current, and expected future expenses and revenues. This differs from the "indexed rate adjustment" used in other years, which primarily projects MSS expenses based on external market indices.

The Marin Franchisors' Group retained R3 to conduct a detailed review of MSS's rate application to review the basis of MSS's projections, and to recommend adjustments in keeping with the terms and conditions of the Franchise Agreements. In parallel, MSS, R3 and the Marin Franchisors' Group worked to streamline the rate setting methodology and complete the contractually required meet and confer process to determine means of resolving \$1.15 million in prior accumulated losses from the processing and sale of recyclable materials and address funding of ongoing recyclables processing costs, starting in 2019.

Appropriately, MSS's 2019 rate application did not include rate impacts from resolution of the prior recycling losses or future recyclables processing costs, as these costs are not currently included in rates charged to customers. Had MSS included those impacts in 2019, R3 calculates that the 2019 rate increase would have been 21.40%. A summary of MSS's original 2019 rate application is included in Attachment 1.

R3 conducted a thorough review of the rate application based on the rate methodology agreed to via the Franchise Agreements between MSS and the cities of San Rafael and Larkspur, the Town of Ross, the County of Marin, and the Las Gallinas Valley Sanitary District, collectively referred to as the Franchisors' Group. Our review included a thorough assessment of all relevant documents for completeness and compliance with the procedures agreed upon by MSS and the Franchisors' Group, included a verification of the mathematical accuracy and logical consistency of the supporting schedules, and involved multiple on-site meetings and phone calls with MSS management and staff. MSS staff and management were very cooperative and responsive throughout the review, providing R3 with all requested information necessary for our review of the rate application.

Based on our review of the rate application, R3 determined that an overall rate increase of 8.20% (for the Franchisors' Group as a whole) is appropriate to compensate MSS for its projected 2019 expenses *before* any treatment of prior recycling losses or future recyclables processing costs and any consideration of negotiated outcomes of the meet and confer process. With these included the recommended overall rate increase is 9.56%, with varying increases for each Franchisors' Group agency, which vary slightly depending on the amounts and types of franchise and other fees set by each agency. These findings have been reviewed with MSS, and they are in agreement with the proposed adjustments to their rate application and the recommended overall rate increase of 9.56% for 2019. Individual increases by Franchisors' Group agency shown in Table 2, below. Attachment 2 provides the rate adjustment calculations and the specifics of the recommended increases by agency.

Table 1
Summary of Adjustments to 2019 Rate Increase Request

MSS Original Rate Increase Request	13.98%
Less R3 Adjustments	-5.96%
Add Recyclables Processing	2.20%
Add Prior Recycling Losses	5.22%
Less Negotiated Outcomes	-5.88%
Recommended Rate Increase	9.56%

Table 2
Recommended 2019 Rate Increases by Agency

Marin Franchisors' Group Agency	Recommended 2019 Rate Increase
City of San Rafael	9.39%
City of Larkspur	8.52%
County of Marin	8.90%
Las Gallinas Valley Sanitary District	14.33% ¹
Town of Ross	9.60%
Overall	9.56%

¹ The recommended rate increase for Las Gallinas Valley Sanitary District is higher based on the District adopting a 5% franchise fee on gross revenues in place of the current \$25,000 annual franchise fee. Without this change, the increase to the District would be 9.60%.

Summary of 2019 Recommended Rate Increase

Table 3, below, shows the main components affecting the recommended 2019 rate increase, including the components proposed by MSS, the impacts of prior recycling losses and recyclables processing costs, the results of R3's review, and the negotiated outcomes of the meet and confer process. Note that individual breakdown of factors will vary by agency but are generally proportionate to the below.

Table 3
Summary of Factors Affecting 2019 Recommended Rate Increase

Rate Components	MSS Original Application	Breakdown of 2019 Recommended Increase
Labor	5.98%	4.63%
Franchise Fees	0.96%	3.20%
Recyclables Processing and Prior Losses	-	3.02%
Fuel and Oil	0.76%	1.10%
Maintenance	0.81%	0.81%
Benefits	0.79%	0.55%
Operating Profit	1.15%	0.54%
Garbage Landfilling and Organics Processing	0.36%	0.04%
Interest	0.93%	-0.37%
General and Administrative	1.16%	-0.54%
Depreciation and Leases	1.00%	-0.56%
Zero Waste Marin Fees	0.08%	-0.60%
Revenue Projections	-	-2.24%
Total	13.98%	9.56%

A summary of the final 2019 rate impacts, including adjustments recommended by R3 and the negotiated outcomes of the meet and confer process are discussed below and in Section 3 of this Report.

Labor (4.63%)

The labor component contributes 4.63% to the overall recommended 9.56% rate increase. The increase is due to normal cost-of-living increases in base labor costs, new MSS positions including a Director of Human Resources and a Route/Contamination Auditor, impacts of aging workforce turn-over, and reconciliation of actual labor costs compared to prior allowed increases via indexed adjustments.

Franchise Fees (3.20%)

Franchise fees for the Franchisors' Group are set based on a percentage of gross rate revenues charged and received by MSS. The increase in 2019 is due to increasing rate revenues as well as a change to the franchise fee amount set by Las Gallinas Valley Sanitary District, which the District wishes to increase from \$25,000 per year to 5% of gross rate revenues (and which will only increase rates for Las Gallinas Valley Sanitary District rate-payers). Franchise fees were understated in MSS's rate application, and R3 updated the methodology for projecting franchise fees during the rate review, which is the reason that this component appears as large as it is. It is important to note that the magnitude of this component is not set by MSS, and the adjustments to this component made by R3 are to ensure transparency and accuracy of the franchise fee amounts paid by MSS and collected via the rates.

Recyclables Processing and Prior Losses (3.01%)

The recyclables processing and prior losses component contributes 3.01% to the overall recommended 9.56% rate increase. As discussed above, MSS's rate application did not include rate impacts related to prior recycling losses of up to \$1.15 million and similarly did not include net costs to process recyclables; this was appropriate, because these costs are not currently part of the rates or the annual rate setting process.

During the meet and confer process that paralleled review of MSS's rate application, MSS and the Franchisors' Group negotiated resolution of those prior recycling losses, with MSS waiving 2/3 of the \$1.15 million in accumulated losses; the remaining ~\$350,000 in losses is included in the rates over three years from 2019 to 2021, comprising 0.44% of the 2019 rate increase. Net recyclables processing costs (total processing costs less revenues from sale and redemption of recyclables) comprise 2.57% of the 2019 rate increase and are set based on a negotiated net processing cost of \$40/ton. Net recyclables processing costs do not count towards the calculation of MSS's profit.

Fuel and Oil (1.10%)

The fuel and oil component contributes 1.10% to the overall recommended 9.56% rate increase. Approximately 3/4 of this increase is due to the increases in the cost of fuel projected for 2019 above the price in 2018, which increased 42% from 2017 to 2018. The remaining 1/4 is due to true-ups reconciling prior fuel and oil expenses for 2017 (actual) and 2018 (projected) compared to prior projections in those years; these true-ups will be included in the rates over the next three years from 2019 to 2021, comprising 0.23% of the 2019 rate increase. True-ups in prior year expenses for fuel and oil are allowed under the current rate adjustment methodology but are proposed for removal as a part of the new rate adjustment methodology discussed in this report.

Maintenance (0.81%)

The maintenance component contributes 0.81% to the overall recommended 9.56% rate increase. This increase is due to normal increases in the cost of vehicle and equipment maintenance.

Benefits (0.55%)

The benefits component contributes 0.55% to the overall recommended 9.56% rate increase. This increase is due to normal increases in the cost of personnel benefits, including workers compensation.

Operating Profit (0.54%)

MSS's profit component, which is an agreed upon "operating margin" of 90.5% (the equivalent of 10.5% profit on operating expense) contributes 0.54% to the overall recommended 9.56% rate increase. This increase is entirely due to the overall increase in MSS's operating expenses.

Garbage Landfilling and Organics Processing (0.04%)

The garbage landfilling and organics processing component contributes 0.04% to the overall recommended 9.56% rate adjustment. This component is calculated based on the number tons collected, processed and composted or disposed by MSS, and the cost per ton for processing and/or disposal of those tons. Only minor increases were proposed by MSS, including prior true-ups reconciling prior landfilling and processing expenses for 2017 (actual) and 2018 (projected). Prior true-ups will be included in the rates over the next three years from 2019 to 2021, comprising 0.05% of the increase in 2019, and are proposed for removal as part of the new rate adjustment methodology.

Interest (-0.37%)

The interest component contributes a negative 0.37% to the overall recommended 9.56% rate increase. Interest expense does not count towards calculation of MSS's profit. Amounts applicable to the Franchisors' Group were reduced based on updated projections provided by MSS.

General and Administrative (-0.54%)

The general and administrative component contributes a negative 0.54% to the overall recommended 9.56% rate increase. Amounts applicable to the Franchisors' Group were reduced based on updated projections provided by MSS.

Depreciation and Leases (-0.56%)

The depreciation and leases component contributes a negative 0.56% to the overall recommended 9.56% rate increase. Amounts applicable to the Franchisors' Group were reduced based on updated projections provided by MSS.

Zero Waste Marin Fees (-0.60%)

The Marin County Zero Waste Marin fees component contributes a negative 0.60% to the overall recommend 9.56% rate increase. Zero Waste Marin fees are adjusted to reflect anticipated charges by the Zero Waste Marin Joint Powers Authority, which are projected to decrease in 2019 for MSS expenses applicable to the Franchisors' Group. MSS learned of this decrease subsequent to submitting its rate application. Furthermore, this component was removed from the MSS profit calculation.

Revenue Projections (-2.24%)

MSS's projections of revenues were determined to be low given the new rate methodology anticipated for adoption by the Franchisors' Group. R3 recalculated projected rates at current revenues and the result was a negative 2.24% reduction to the MSS proposed rate increase.

Summary of Other Outcomes

As discussed above, in parallel with the review of the 2019 rate increases, R3, the Franchisors' Group and MSS met and conferred to set a new methodology for annually adjusting rates starting in 2020 and to resolve prior recycling losses and future recycling costs. The parties successfully agreed to resolve prior recycling losses, including recycling net processing costs in the rates, and adopt a new rate setting methodology, with key outcomes and benefits outlined below:

- Achieved streamlining and simplification in all future rate adjustments;
- Achieved rate transparency via rate review and verification processes;
- Achieved rate payer stability and protection via rate and revenue controls;
- Incentivized efficiencies via indexed rate adjustments, not "cost plus profit";
- Achieved sustainable funding of solid waste and recycling programs into future;
- Reduced annual staff time and costs for rate adjustments;
- Secured sustained commitment to continued high marketability of recyclable materials despite current volatility of domestic and international markets due to continued commitment to dual stream recycling in Marin County;
- Secured continued annual reporting of operational metrics, and new provisions for review of operations; and

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- Secured greater approval authority in potential assignment and MSS commitment to serve Marin well into the future.

* * * * *

R3's appreciates the opportunity to be of service to the Marin Franchisors' Group. We wish to thank the Franchisors' Group staff for their participation, leadership and direction in this process. We further wish to thank MSS management and staff – in particular Kim Scheibly, Roger Williams, and Patty Garbarino – for their active cooperation and responsiveness during this process. Should you have any questions regarding this Report or need any additional information, please contact me by phone at (510) 647-9674 or by email at gschultz@r3cgi.com.

Sincerely,

R3 CONSULTING GROUP



Garth Schultz | Principal

Background

Description of MSS Services

Marin Sanitary Service (MSS) provides franchised refuse, recyclable materials, and organics collection and processing services to the residents and businesses in the cities of San Rafael and Larkspur, the Town of Ross, the County of Marin, and the Las Gallinas Valley Sanitary District, collectively known as the Franchisors' Group.

MSS and its non-franchised related entities, Marin Recycling and Resource Recovery Association (MRRRA) and the Marin Resource Recovery Center (MRRC), also provide solid waste, recyclable-materials, and organics collection and processing services to the residents and businesses of the towns of San Anselmo and Fairfax. MSS also provides non-franchised debris box, street sweeping, and document shredding services to residents and businesses throughout the County of Marin that contract for their services.

MSS delivers refuse collected from waste generators within the Franchisors' Group service area to the MSS transfer station and then transports it to the Redwood Sanitary Landfill, is an unrelated party. MSS delivers recyclable materials to the non-franchised MRRRA where materials are processed and marketed. MSS delivers recyclable-rich loads of refuse (typically commercial) and separated organics loads (collected from residents) along with public self-haul loads to the non-franchised MRRC where recyclable materials are separated from the waste stream, processed, and marketed.

MSS also provides outreach, education, compliance, technical assistance, and other high-diversion programs to the Franchisors' Group, including a food-to-energy program, outreach and education to commercial and multi-family customers (to meet the obligations of State Laws AB 341 and AB 1826, which require commercial recycling and organics collection) and other related services. All services provided by MSS remain unchanged as a result of this review.

Rate Adjustment Methodology

The current Rate Adjustment Methodology was developed in cooperation with MSS, approved by the Franchisors' Group in 2001, and revised in 2012. The individual Marin Franchisors' Group agencies amended their agreements with MSS to include this methodology as Exhibit B - Contractors Revenue Requirement and Rate Adjustment. Section 3 of this Report describes the current methodology in more detail and includes findings from the application of the methodology to MSS's 2019 Rate Application.

The Franchisors' Group and R3 have worked to revise the rate setting methodology with MSS to meet the following goals:

- Streamline and simplify the rate setting process in order to spend less time and consultant cost annually;
- Achieve more transparency for rate payers in the annual rate setting process; and
- Develop a new process to address fluctuations in recycling revenues and address ongoing recycling losses.



Section 1

Background

The new methodology has been completed and is detailed in a separate Amendment to Franchise Agreement. The new methodology will provide for stable and predictable rate increases, while maintaining an emphasis on responsible solid waste management and good value to customers. The new methodology provides for indexed rate adjustments from 2020 through 2024 based on:

- Index-adjusted changes MSS operating costs (72% of rates) based on CPI market index for Water, Sewer, Trash (WST) with a floor of 2.5% and a ceiling of 5%;
- Actual changes in garbage landfilling, organics processing and recyclables net processing costs (13% of rates) based on actual changes in tonnages and tipping fees;
- Actual changes to government fees (15% of rates);
- Annual reconciliation of the difference between gross amounts billed by MSS vs. the total rate revenue requirement calculated via the annual rate adjustment process; and
- Additional rate revenues for new programs/services as agreed to and adopted by MSS and the Franchisors' Group.

Example projections of future increases via the new methodology are shown in Table 4, below. As shown, the "middle scenario" (which R3 considers to be likely given historical performance of the WST index and other factors) assumes that MSS operations increase at the recent historical average rate of change in the WST index (3.7% per year) and modest increases to recycling revenues (\$250,000 per year). Under this scenario, rates are projected to increase between 3.03% and 4.17% from 2020 through 2022, with similar increases in 2023 and 2024. The "high scenario" assumes that MSS operations increase at the maximum allowed ceiling of 5% and that there are no changes to recycling revenues. Under this scenario, which is considered an extreme case, rates are projected to increase between 4.58% and 5.75% from 2020 through 2022, with similar increases in 2023 and 2024.

Table 4
Projections of Rate Increases via New Methodology

Example Rate Adjustments - Middle Scenario				
<i>MSS Operations @ 3.7%/year - Minor Improvements to Recycling Markets</i>				
	2019	2020	2021	2022
MSS Operations	27,353,613	28,368,168	29,420,560	30,421,401
Processing	4,764,811	4,945,600	5,141,482	5,352,990
Government Fees	5,573,167	5,760,188	5,952,782	6,104,201
Other	135,072	135,072	331,117	204,230
Total	37,826,662	39,209,027	40,845,941	42,082,822
Annual Rate Adjustment	9.39%	3.65%	4.17%	3.03%

Example Rate Adjustments - High Scenario				
<i>MSS Operations @ 5%/year - No Improvements to Recycling Markets</i>				
	2019	2020	2021	2022
MSS Operations	\$ 27,353,613	\$ 28,717,010	\$ 30,148,594	\$ 31,560,970
Processing	\$ 4,764,811	\$ 5,143,164	\$ 5,540,696	\$ 5,957,777
Government Fees	\$ 5,573,167	\$ 5,824,584	\$ 6,085,993	\$ 6,310,525
Other	\$ 135,072	\$ 135,072	\$ 334,171	\$ 210,547
Total	\$ 37,826,662	\$ 39,819,831	\$ 42,109,453	\$ 44,039,820
Annual Rate Adjustment	9.39%	5.27%	5.75%	4.58%

R3

Rate Review Approach

R3 Scope of Review

The Franchisors' Group engaged R3 to perform a review of the application in accordance with the current adopted rate adjustment methodology and including negotiated outcomes of the meet and confer process. These procedures included the following activities:

- Reviewing MSS management's actual achievement of, and projections for, revenues for the 12-month periods ending December 31, 2017, and 2018;
- Comparing the results to MSS's audited financial statements for 2017 and year-to-date revenues for 2018, and requesting explanations for variances;
- Reviewing the appropriateness of MSS management's classification of expenses into the various expense categories;
- Reviewing MSS management's calculation of rate year 2019 expenses and comparing them to the calculated expenses for 2018;
- Reviewing MSS management's projection of other expenses including but not limited to:
 - Labor
 - Benefits and workers' compensation;
 - Garbage landfilling and organics processing, including prior year true-ups;
 - General and administrative;
 - Depreciation and leases;
 - Maintenance;
 - Fuel and oil, including prior year true-ups;
 - Recyclables processing costs net of revenues and redemption;
 - Interest;
 - Zero Waste Marin fees; and
 - Franchise and other government fees.
- Reviewing MSS management's projection of other revenues at current rates;
- Compiling rates currently in effect in other municipalities in Marin County, as well as neighboring agencies in other counties; and
- Preparing this Report that documents findings and recommendations.

Limitations

This review was substantially different in scope than an examination in accordance with Generally Accepted Auditing Standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion. However, Chiao Smith McMullin + McGuire, An Accountancy Corporation, issued an



Section 2

Rate Review
Approach

unqualified opinion of MSS's 2017 financial statements. The unqualified opinion denotes that the financial statements of MSS were presented fairly in all material respects.

Our conclusions are based in part on the review of MSS's projections of its financial results of operations. Actual results of operations will usually differ from projections because events and circumstances frequently do not occur as expected, and the difference may be significant.

R3

Recommended 2019 Rate Increases

This section provides a summary of the R3 recommended adjustments to the MSS 2019 rate application, and the rationale for those adjustments, including negotiated outcomes.

Base Year Projection Methodology

Projected costs for 2019 are based on costs developed during the last indexed review which occurred in 2017 setting rates for 2018. In projecting the 2019 costs, MSS included the direct costs for the Franchisors' Group garbage, organics and recycling collection, costs for transfer, processing and disposal of garbage, organics and recycling, and costs of administering diversion programs including outreach, education and technical assistance.

Some costs are allocated between agencies served by MSS based on performance metrics. For example, maintenance and administrative costs are allocated among the agencies served by MSS using truck route hours and an average of projected revenue, annual customer counts, and department's percentage of wages, respectively. Depreciation and interest costs are allocated similarly. Management salaries are allocated based upon actual time spent by management related to that department. R3 reviewed and recommended adjustments to allocation methodologies as part of this review, with the results reflected in the recommended 2019 rate increases.

All recommended 2019 amounts by category stated below are inclusive of the results of R3's review of MSS's rate application and the negotiated outcomes of the meet and confer process.

Summary of Adjustments

Labor

R3 reviewed and recommends adjustments to MSS's proposed labor expenses. MSS proposed \$9,990,097 in labor expenses and R3 recommends labor expenses of 9,708,297. R3 recommended adjustments based on R3's assessment that additional labor expenses for new organics routes were not needed in 2019, and that allocated maintenance labor was not applicable to the Franchisors' Group. The Franchisors' Group further negotiated an additional reduction in labor expenses for a total reduction to labor expenses of \$281,800, and the result is a 2.8% decrease from MSS rate application for these expenses.

Benefits

R3 reviewed and recommends adjustments to MSS's proposed benefit expenses. MSS proposed \$4,887,393 in benefit expenses and R3 recommends benefit expenses of \$4,833,947. The \$53,446 reduction is based on updated estimates for 2019 workers compensation costs provided by MSS, and the result is a 1.1% decrease from MSS's rate application for these expenses. Note that decreases in benefit expenses for labor adjustments are included in the labor category, above.

Section 3

Recommended
2019 Rate
Increases**Garbage Landfilling and Organics Processing**

R3 reviewed and recommends adjustments to MSS's proposed garbage landfilling and organics processing expenses. MSS proposed \$4,172,106 in garbage landfilling and organics processing expenses and R3 recommends expenses of \$4,102,408. The \$69,698 reduction is based on updated projections provided by MSS and amortization of \$52,791 in true-ups for prior landfill expenses over three years from 2019 through 2021 (\$17,597 per year and to be removed from rate base starting in 2022). The result is a decrease of 1.7% from MSS's rate application for these expenses.

Recyclables Processing and Prior Losses

As discussed above, MSS's rate application did not include rate impacts of prior recycling losses of up to up to \$1.15 million and did not include net costs to process recyclables. MSS and the Franchisors' Group negotiated resolution of prior recycling losses, with MSS waiving 2/3 of the \$1.15 million in accumulated losses, and the remaining ~\$350,000 in losses being included in the rates over three years from 2019 to 2021, comprising 0.44% of the 2019 rate increase.

Net recyclables processing costs are a new ongoing expense that will be included in the rates starting in 2019. Net recyclables processing costs (total processing costs less revenues from sale and redemption of recyclables) comprise 2.57% of the 2019 rate increase and are set based on a negotiated net processing cost of \$40/ton. This net processing cost per ton includes a fixed cost per ton that will be escalated by WST (with a floor of 2.5% and cap of 5%) in future indexed adjustment years starting in 2020, and a revenue per ton that will change with changing recycling revenues received from MSS's related-party recyclables processing operation.

Fuel and Oil

R3 reviewed and recommends adjustments to MSS's proposed fuel and oil expenses. MSS proposed \$1,339,825 in fuel and oil expenses (including \$1,098,395 in costs for 2019 and \$241,430 in prior true-ups) and R3 recommends expenses of \$1,178,872. The \$160,953 reduction is based on amortization of the \$241,430 in prior true-ups over three years from 2019 through 2021 (\$80,477 per year and to be removed from rate base starting in 2022). The result is a decrease of 14.7% from MSS's rate application for these expenses (after inclusion of true-up expenses).

Maintenance Expense

R3 reviewed and does not recommend an adjustment to MSS proposed maintenance expenses of \$2,153,259.

Depreciation and Leases

R3 reviewed and recommends adjustments to MSS's proposed depreciation and leases expenses. MSS proposed \$3,124,318 in depreciation and leases expenses and R3 recommends expenses of \$2,780,176. The \$344,142 reduction is based on R3's assessment that additional expenses for new organics routes were not needed in 2019 and based on MSS providing updated calculations of these expenses. The result is a 11.0% decrease from MSS's rate application for these expenses.

R3

General and Administrative

R3 reviewed and recommends adjustments to MSS's proposed general and administrative expenses. MSS proposed \$4,126,706 in general and administrative expenses and R3 recommends general and administrative expenses of \$3,221,016. The \$905,690 reduction is based upon the removal of Zero Waste Marin fees from this category (\$532,713), removal of bad debt expenses that will no longer be applicable under the new rate setting methodology, removal of consulting costs for annual rate reviews that are no longer applicable under the new rate setting methodology, and R3's determination that certain costs for new organics routes were not needed. MSS also updated its calculations for these expenses. The result is a 21.9% decrease from MSS's rate application for these expenses.

Operating Profit

R3 reviewed and recommends adjustments to MSS's proposed operating profit, which is calculated based on allowed expenses and a 90.5% operating ratio (the equivalent of 10.5% profit on operating expenses). MSS proposed \$3,102,172 in profit based on allowed operating expenses included in their application; based on all other adjustments described in this Report, R3 recommends profit of 2,936,915. The \$165,257 reduction is due to net decreases in operating costs described above and is a 5.3% decrease from MSS's rate application for operating profit.

Interest Expense

R3 reviewed and recommends adjustments to MSS's proposed interest expenses. MSS proposed \$827,678 in interest expenses and R3 recommends interest expenses of \$541,131. The \$286,547 reduction is based updated amounts provided by MSS. The result is a 34.6% reduction from MSS's rate application for these expenses.

Zero Waste Marin Fees

R3 reviewed and recommends adjustments to MSS's proposed Zero Waste Marin fees. MSS proposed \$532,713 Zero Waste Marin fees as part of general and administrative expense and R3 recommends interest expenses of \$381,250. Additionally, R3 recommends removing these expenses from the general and administrative category (which is subject to operating profit) to its own category and not subject to operating profit calculation (i.e. MSS will no longer earn profit on these expenses). The \$151,463 reduction is based updated amounts provided by MSS. The result is a 28.4% reduction from MSS's rate application for these expenses.

Projected Revenue at Current Rates

R3 reviewed and recommends adjustments to MSS's forecast 2019 revenues at current rates. MSS proposed \$33,843,002 in revenues at current rates and R3 recommends revenues at current rates of \$34,337,374. The \$494,372 increase is based on not forecasting revenue shortfalls from migration (as was done in prior years but will no longer be necessary via the new rate adjustment methodology) and due to estimates of increased revenue from the new Route/Contamination Auditor proposed by MSS. The result is a 1.5% increase from MSS's rate application for projected revenues at current rates, yielding a lessor overall necessary 2019 rate increase.

R3

Section 3

Recommended
2019 Rate
Increases**Franchise Fees**

R3 reviewed and recommends adjustments to MSS's forecast of 2019 franchise fees. MSS forecasted \$3,485,266 in franchise fees R3 recommends a forecast of \$3,978,060. The \$492,794 difference is due the prior rate application format understating amounts of franchise fees for the coming rate year. The new calculation more accurately forecasts the amounts of franchise fees owed to the Franchisors' Group agencies by MSS and does not otherwise represent an adjustment to the fees or any MSS operating expenses. The result is a 14.1% increase from MSS's rate application for these expenses.

Other Government Fees

R3 reviewed and recommends adjusting the amount of street sweeping fees (resulting in a decrease in available revenues) by \$24,000 to show pass-through street sweeping fees for Marin County. MSS's forecasted \$1,189,857 in other government fees and R3 recommends \$1,213,857 based on actual amounts of fees due from MSS. The result is a 2.0% increase from MSS's rate application for these expenses.

Non-Regulated Revenues

R3 reviewed and does not recommend an adjustment to MSS's projected non-regulated revenues of \$207,272. These revenues offset the amount to be recovered by the rates.

2019 Rate Increase Calculation

Based on a total recommend 2019 adjusted rate revenue requirement of \$37,826,662 (see Attachment 2) and projected 2019 revenues at current rates of \$34,337,374, R3 calculated and recommends an overall 9.56% rate increase for the Franchisors' Group, effective January 1, 2019, and with individual increases by agency as shown in Table 2 and Attachment 2. Table 5 summarizes, by agency, the current and proposed 32-gallon residential rates, which is the the most common subscription level in the Franchisors' Group service area.

Table 5
Residential 32-Gallon Rate Summary

Jurisdiction	Current 2018 Rate (\$/mo.)	Proposed 2019 Rate (\$/mo.)	\$ Difference
City of San Rafael	\$37.81	\$41.36	\$3.55
City of Larkspur	\$43.42	\$47.12	\$3.70
County of Marin	\$43.32	\$47.18	\$3.86
Las Gallinas Valley Sanitary District	\$33.05	\$37.79	\$4.74
Town of Ross	\$36.13	\$39.60	\$3.47

Survey of Comparable Rates

Attachment 3 shows the results of R3's survey of solid waste rates as of November 2018 for agencies located throughout the Bay Area. For the purpose of comparing the Franchisors' Group rates to other agencies in Attachments 3, 4, and 5 we have applied the 2019 rate increases for Franchisors' Group agencies only and compare those 2019 rates to the current 2018 rates for all other agencies.

R3

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Section 3

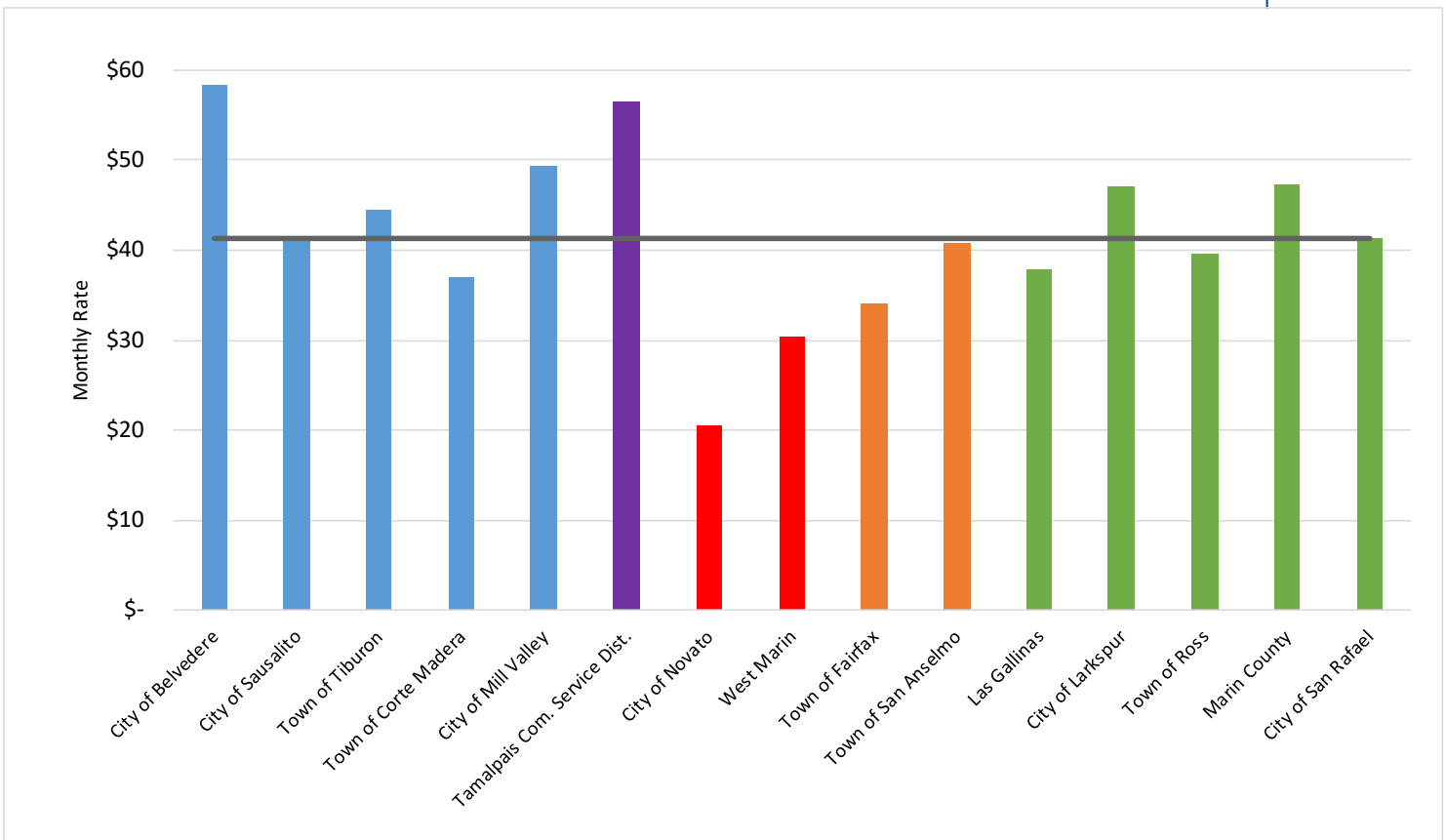
Recommended
2019 Rate
Increases

It is anticipated that rates for other agencies will also increase significantly in 2019, and since this comparison uses 2019 rates for the Franchisors' Group, the rate comparison will become more favorable as other entities adopt increased rates.

Figure 1, below, shows a summary of Marin County rates for residential customers with 30-35 gallon garbage service. Bars shown in blue are 2018 rates for Mill Valley Refuse Service; purple is the 2018 rate for Tamalpais Community Services District; red are 2018 rates for Recology Marin (and are artificially low because of prior contract with the Ratto Group and proximity to Redwood Landfill); orange are 2018 MSS rates for non-Franchisors' Group agencies, which are also expected to increase in 2019, and; green are proposed 2019 MSS rates for Franchisors' Group agencies. Overall, the Franchisors' Group 2019 rates compare favorably to the Marin County average, especially for the levels of high-quality services provided by MSS.

Figure 1

Marin County Rates: Franchisors' Group 2019 Residential 32-gal Can compared to Current 2018 30-25-gal Can Rates and Marin County Average of \$41.23



The Franchisors' Group 2019 residential rates for a 32-gallon container (the most frequent residential service level) will range from \$37.79 (Las Gallinas Valley Sanitary District) to \$47.18 (County of Marin). Attachment 4 graphically compares the Franchisors' Group residential rates for a 32-gallon container to one another as well as to the average of Marin County rates for similar service.

R3

Section 3

Recommended
2019 Rate
Increases

The Franchisors' Group commercial rates for a 3-cubic yard bin serviced 1 time per week (the most requested commercial service level) range from \$508.39 (Town of Ross) to \$600.83 (City of Larkspur). The average rate for the Franchisors' Group is \$542.63 while the average for Marin County is \$495.66. Attachment 5 compares the Franchisors' Group commercial rates for a 3-cubic yard bin serviced one time per week to the average Marin County rate and all other agencies' average rate for similar service levels.

These survey results are presented as an indication of the reasonableness of the resulting rates for 2019. Conclusions should not be immediately drawn from this information because rate comparisons are intrinsically difficult and often misleading. This results from differences in issues such as those listed below:

- The types and ranges of services provided;
- The level of subscription to solid waste services by residential, commercial, and industrial customers;
- The ratio of residential to commercial and industrial customers;
- The terrain in which the service is performed;
- Disposal, transfer and process costs, and amounts per capita;
- Rate structures; and
- Governmental fees (e.g., franchise fees, vehicle impact fees, etc.).

**Marin Sanitary Service
2019 Rate Application - Franchisors' Group
MSS Original Rate Calculation Dated 8/15/18**

Expense Allocation (Percentage of Total Revenues)		44.10%	19.38%	8.50%	15.96%	2.51%	2.08%	6.14%	1.33%	100.00%
		San Rafael	Las Gallinas- City of S.R.	Las Gallinas- County	Larkspur	RV-N	Ross	RVSD	County	FG Total
Rate Application Operating Expenses:										
Wages	\$ 9,990,097	\$ 4,405,889	\$ 1,935,883	\$ 849,028	\$ 1,594,309	\$ 251,041	\$ 207,758	\$ 613,391	\$ 132,798	\$ 9,990,097
Benefits	4,887,393	2,155,466	947,080	415,365	779,974	122,815	101,640	300,085	64,968	4,887,393
Disposal Fees	4,172,106	1,840,006	808,471	354,575	665,822	104,841	86,765	256,167	55,460	4,172,107
Fuel & Oil	1,098,395	484,420	212,847	93,349	175,292	27,602	22,843	67,441	14,601	1,098,395
Maintenance Expense	2,153,259	949,643	417,259	182,999	343,636	54,109	44,780	132,210	28,623	2,153,259
Depreciation/Leases	3,124,318	1,377,904	605,431	265,526	498,606	78,511	64,975	191,833	41,531	3,124,317
Other Operating/G&A	4,126,706	1,819,983	799,674	350,716	658,577	103,700	85,821	253,379	54,856	4,126,706
Total Operating Expenses	29,552,274	13,033,311	5,726,645	2,511,558	4,716,216	742,619	614,582	1,814,506	392,837	29,552,274
Operating Profit	90.5% 3,102,172	1,368,138	601,140	263,644	495,072	77,954	64,514	190,473	41,237	3,102,172
Interest Expense	827,678	365,027	160,388	70,342	132,088	20,799	17,213	50,819	11,002	827,678
Revenue Requirement	33,482,124	14,766,476	6,488,173	2,845,544	5,343,376	841,372	696,309	2,055,798	445,076	33,482,124
Route Revenues (2019 Projected)		14,633,446	6,432,710	2,503,889	5,803,633	945,262	701,703	2,320,253	502,106	33,843,002
Adjustment:										-
Adjusted Route Revenues		14,633,446	6,432,710	2,503,889	5,803,633	945,262	701,703	2,320,253	502,106	33,843,002
Less: Franchise Fees		(1,463,345)	(643,271)	(25,000)	(580,363)	(170,147)	(95,116)	(417,645)	(90,379)	(3,485,266)
Less: Street Sweeping								(48,000)	(24,000)	(72,000)
Less: Vehicle Impact Fee		(306,318)	(137,282)		(568,400)	(42,155)		(63,702)		(1,117,857)
Net Regulated Revenues		12,863,783	5,652,157	2,478,889	4,654,870	732,960	606,587	1,790,906	387,727	29,167,879
Non-Regulated Revenues	207,272	91,412	40,165	17,615	33,078	5,209	4,311	12,726	2,756	207,272
Total Revenues		12,955,195	5,692,322	2,496,504	4,687,948	738,169	610,898	1,803,632	390,483	29,375,151
Adjustment:		-	-							-
Less: Franchise Fees		-	-							-
Adjusted Total Revenues		12,955,195	5,692,322	2,496,504	4,687,948	738,169	610,898	1,803,632	390,483	29,375,151
Revenue Surplus/(Shortfall)		(1,811,281)	(795,851)	(349,040)	(655,428)	(103,203)	(85,411)	(252,166)	(54,593)	(4,106,973)
Calculated Rate Adjustment		13.98%	13.98%	13.98%	13.98%	13.98%	13.98%	13.98%	13.98%	13.98%

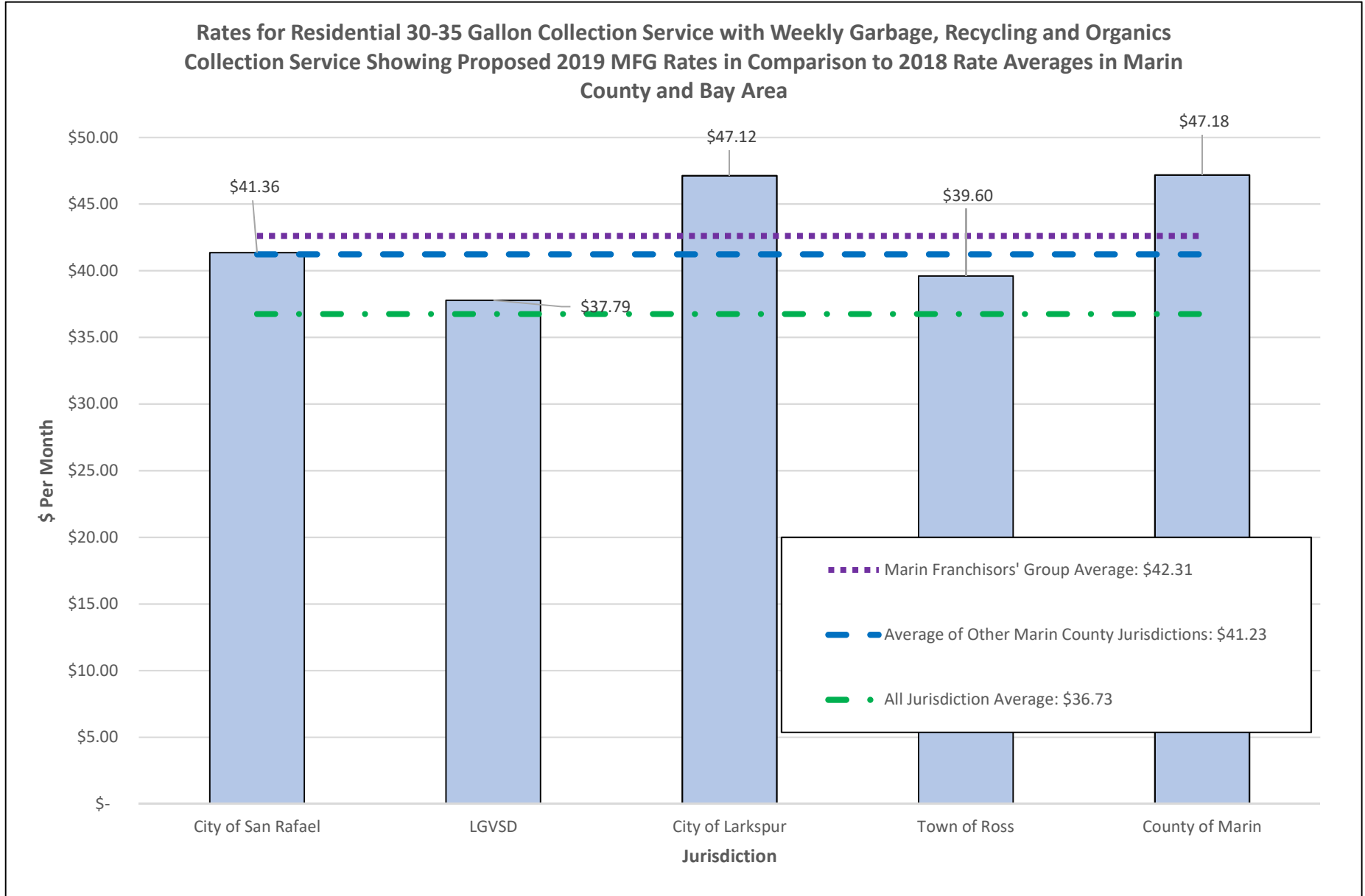
Marin Sanitary Service 2019 Rate Application - Marin Franchisors' Group (MFG)

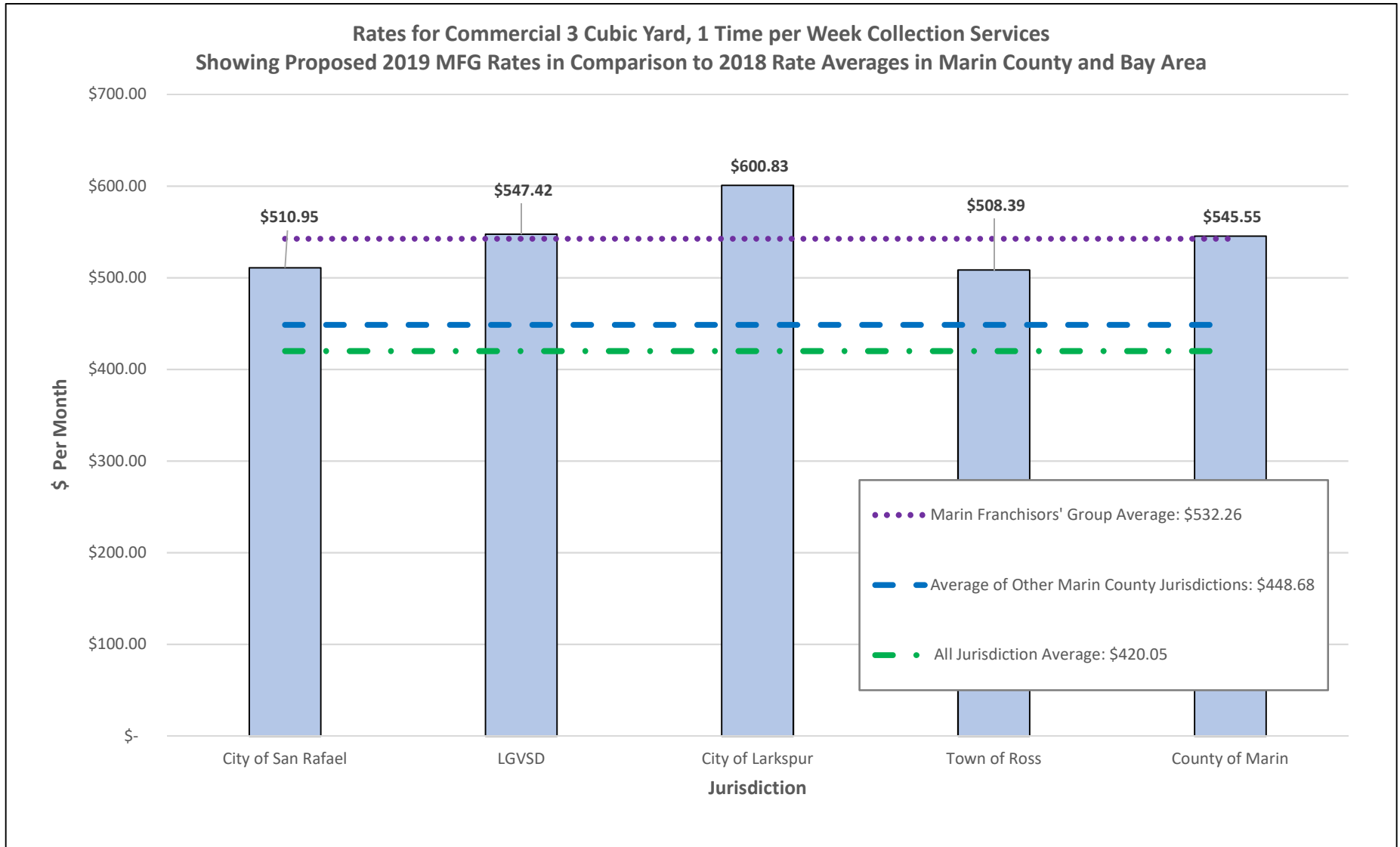
Expense Allocation (Percentage of Total Operating Revenue)	63.53%	15.97%	9.93%	8.50%	2.08%	100.00%
	San Rafael	Larkspur	County	LGVSD	Ross	MFG Total
Current 2018 MFG Rate Revenue						
MFG Rate Revenue at Current 2018 Rates	\$ 21,377,071	\$ 5,880,740	\$ 3,828,411	\$ 2,539,274	\$ 711,878	\$ 34,337,374
Less: MFG Franchise Fees on 2018 Rate Revenue	(2,137,707)	(588,074)	(689,114)	(25,000)	(96,495)	(3,536,390)
Less: MFG Vehicle Impact and Sweeping Fees	(443,600)	(568,400)	(201,857)	-	-	(1,213,857)
Operating Revenue at Current 2018 Rates	18,795,764	4,724,266	2,937,440	2,514,274	615,383	29,587,127
2019 MSS Operating Expense						
Labor	6,167,373	1,550,153	963,850	824,998	201,923	9,708,297
Benefits	3,070,854	771,851	479,919	410,782	100,541	4,833,947
Garbage Landfilling and Organics Processing	2,606,130	655,044	407,291	348,617	85,326	4,102,408
General and Administrative	2,046,209	514,309	319,786	273,718	66,994	3,221,016
Depreciation and Leases	1,766,157	443,919	276,019	236,256	57,825	2,780,176
Maintenance	1,367,897	343,817	213,778	182,981	44,786	2,153,259
Fuel and Oil	748,900	188,234	117,040	100,179	24,519	1,178,872
2019 MSS Operating Expense (Subject to Profit)	17,773,520	4,467,327	2,777,683	2,377,531	581,914	27,977,975
2019 MSS Revenue Requirement						
2019 MSS Operating Expense (Subject to Profit)	17,773,520	4,467,327	2,777,683	2,377,531	581,914	27,977,975
Operating Profit (90.5% Operating Ratio)	1,865,729	468,946	291,580	249,575	61,085	2,936,915
Recyclables Processing	506,610	127,335	79,174	67,768	16,587	797,474
Interest	343,763	86,404	53,724	45,985	11,255	541,131
Zero Waste Marin Fees	242,196	60,875	37,851	32,398	7,930	381,250
2019 MSS Revenue Requirement	20,731,818	5,210,887	3,240,012	2,773,257	678,771	32,634,745
2019 MFG Pass Through Costs						
Projected 2019 MFG Franchise Fees	2,338,487	638,199	750,459	145,154	105,761	3,978,060
MFG Vehicle Impact and Street Sweeping Fees	443,600	568,400	201,857	-	-	1,213,857
Projected 2019 MFG Pass Through Costs	2,782,087	1,206,599	952,316	145,154	105,761	5,191,917
2019 MFG Revenue Requirement						
2019 MSS Revenue Requirement	20,731,818	5,210,887	3,240,012	2,773,257	678,771	32,634,745
2019 MFG Pass Through Costs	2,782,087	1,206,599	952,316	145,154	105,761	5,191,917
2019 MFG Revenue Requirement	23,513,905	6,417,486	4,192,328	2,918,411	784,532	37,826,662
2019 Revenue Shortfall at Current 2018 Rates						
MFG Rate Revenue at Current 2018 Rates	21,377,071	5,880,740	3,828,411	2,539,274	711,878	34,337,374
Non-Regulated Revenue	129,039	35,498	23,110	15,328	4,297	207,272
2019 Revenue at Current 2018 Rates	21,506,110	5,916,238	3,851,521	2,554,602	716,175	34,544,646
Less: 2019 Revenue Requirement	(23,513,905)	(6,417,486)	(4,192,328)	(2,918,411)	(784,532)	(37,826,662)
2019 Revenue less 2019 Rate Revenue Requirement	(2,007,795)	(501,248)	(340,807)	(363,809)	(68,357)	(3,282,016)
2019 Rate Increase Percentage	9.39%	8.52%	8.90%	14.33%	9.60%	9.56%
2019 Revenues After Rate Adjustment						
Calculated 2019 Rate Revenue	23,384,866	6,381,988	4,169,218	2,903,083	780,235	37,619,390
Non-Regulated Revenue	129,039	35,498	23,110	15,328	4,297	207,272
Projected 2019 Revenue at Adjusted Rates	23,513,905	6,417,486	4,192,328	2,918,411	784,532	37,826,662
2019 MFG Revenue Requirement	23,513,905	6,417,486	4,192,328	2,918,411	784,532	37,826,662

Bay Area Rate Survey

Jurisdiction	County	Effective Dates	Residential Single Family				Commercial			
			20 Gal.	30-35 Gal.	60-64 Gal.	90-96 Gal.	1 YD Bin	1 YD Bin	3 YD Bin	3 YD Bin
							1x/Week	3x/Week	1x/Week	3x/Week
City of Alameda	Alameda	7/1/2018	\$ 31.90	\$ 40.27	\$ 66.17	\$ 92.41	\$ 153.40	\$ 469.39	\$ 460.20	\$ 1,408.17
City of Albany	Alameda	5/1/2018	\$ 38.09	\$ 42.65	\$ 73.72	\$ 104.77	\$ 169.95	\$ 509.85	\$ 509.85	\$ 1,529.55
City of Berkeley	Alameda	7/1/2018	\$ 26.25	\$ 41.98	\$ 83.91	\$ 125.82	\$ 167.07	\$ 470.74	\$ 462.36	\$ 1,373.34
City of Dublin	Alameda	7/1/2018	N / A	\$ 24.94	\$ 45.82	\$ 66.69	\$ 121.02	\$ 423.28	\$ 363.06	\$ 1,149.40
City of Emeryville	Alameda	1/1/2018	\$ 11.43	\$ 18.92	\$ 37.84	\$ 56.75	\$ 112.67	\$ 338.01	\$ 338.01	\$ 1,014.03
City of Fremont	Alameda	1/1/2018	\$ 34.04	\$ 34.77	\$ 38.12	\$ 55.93	\$ 100.71	N / A	\$ 226.39	N / A
City of Livermore	Alameda	7/1/2018	\$ 29.03	\$ 38.42	\$ 57.54	\$ 90.41	\$ 116.72	\$ 364.16	\$ 350.16	\$ 1,115.62
City of Newark	Alameda	1/1/2018	\$ 28.39	\$ 31.55	\$ 55.89	\$ 80.20	\$ 127.86	\$ 398.93	\$ 338.28	\$ 922.51
City of Oakland	Alameda	7/1/2018	\$ 41.54	\$ 47.17	\$ 83.26	\$ 125.13	\$ 230.70	\$ 692.03	\$ 549.39	\$ 1,648.11
City of Piedmont	Alameda	7/1/2018	\$ 79.84	\$ 84.60	\$ 116.55	\$ 130.52	N / A	N / A	N / A	N / A
City of Pleasanton	Alameda	7/1/2018	N / A	\$ 26.06	N / A	\$ 45.48	\$ 116.72	\$ 370.53	\$ 350.16	\$ 1,091.18
City of San Leandro	Alameda	9/1/2018	\$ 10.50	\$ 21.06	\$ 42.05	\$ 63.10	\$ 137.37	\$ 357.08	\$ 365.93	\$ 1,025.04
City of Union City	Alameda	7/1/2018	\$ 29.49	\$ 36.87	\$ 73.79	\$ 110.65	\$ 153.17	\$ 423.06	\$ 401.39	\$ 1,093.91
Castro Valley Sanitary District	Alameda	7/1/2018	\$ 26.68	\$ 41.37	\$ 71.80	\$ 102.26	\$ 294.07	\$ 882.31	\$ 782.32	\$ 2,192.12
Oro Loma Sanitary District (L1)	Alameda	9/1/2018	\$ 9.10	\$ 18.15	\$ 36.35	\$ 54.49	\$ 118.76	\$ 308.67	\$ 316.30	\$ 886.04
Oro Loma Sanitary District (L2)	Alameda	9/1/2018	\$ 9.10	\$ 18.15	\$ 36.35	\$ 54.49	\$ 118.76	\$ 308.67	\$ 316.30	\$ 886.04
Oro Loma Sanitary District (L3)	Alameda	9/1/2018	\$ 10.50	\$ 21.06	\$ 42.05	\$ 63.10	\$ 137.37	\$ 357.08	\$ 365.93	\$ 1,025.04
City of Richmond	Contra Costa	1/1/2018	\$ 29.52	\$ 35.81	\$ 67.81	\$ 100.71	\$ 237.97	\$ 603.47	\$ 542.63	\$ 1,485.85
City of San Pablo	Contra Costa	1/1/2018	\$ 25.20	\$ 30.69	\$ 59.54	\$ 89.23	\$ 236.86	\$ 598.29	\$ 546.11	\$ 1,493.83
City of El Cerrito	Contra Costa	1/1/2018	\$ 34.80	\$ 45.44	\$ 91.23	N / A	\$ 308.10	\$ 860.08	N / A	N / A
City of Hercules	Contra Costa	1/1/2018	\$ 31.26	\$ 36.68	\$ 64.67	\$ 93.50	\$ 268.62	\$ 674.65	\$ 613.21	\$ 1,670.97
City of Pinole	Contra Costa	1/1/2018	\$ 29.67	\$ 35.18	\$ 62.59	\$ 90.84	\$ 266.58	\$ 675.79	\$ 618.10	\$ 1,694.51
Unincorporated West Contra Costa	Contra Costa	1/1/2018	\$ 27.08	\$ 33.10	\$ 63.39	\$ 94.43	\$ 225.97	\$ 569.89	\$ 509.24	\$ 1,388.38
Town of Fairfax	Marin	1/1/2018	\$ 28.38	\$ 34.02	\$ 68.04	\$ 102.06	\$ 200.02	\$ 473.76	\$ 468.92	\$ 1,227.45
Town of San Anselmo	Marin	1/1/2018	\$ 31.27	\$ 40.87	\$ 81.81	\$ 122.70	N / A	N / A	\$ 670.72	\$ 2,012.29
City of Belvedere	Marin	10/1/2018	\$ 47.13	\$ 58.26	\$ 98.84	\$ 139.43	\$ 258.76	\$ 714.86	N / A	N / A
City of Novato	Marin	1/1/2018	\$ 12.83	\$ 20.51	\$ 41.00	\$ 61.52	N / A	N / A	\$ 267.26	\$ 663.15
West Marin ¹	Marin	5/1/2018	\$ 20.03	\$ 30.37	\$ 56.96	\$ 91.06	\$ 231.11	\$ 450.96	\$ 346.67	\$ 786.38
City of Sausalito	Marin	1/1/2018	N / A	\$ 41.35	\$ 82.70	\$ 124.05	\$ 163.28	N / A	\$ 489.84	N / A
Tamalpais Com. Service Dist. ¹	Marin	7/1/2018	N / A	\$ 56.38	\$ 85.12	\$ 115.48	\$ 373.49	\$ 859.03	N / A	N / A
Town of Tiburon	Marin	7/1/2018	\$ 39.33	\$ 44.37	\$ 80.79	\$ 116.60	\$ 211.13	\$ 576.01	N / A	N / A
Town of Corte Madera	Marin	7/1/2018	\$ 31.41	\$ 36.94	\$ 74.08	\$ 111.21	\$ 172.79	\$ 466.35	N / A	N / A
City of Mill Valley	Marin	7/1/2018	\$ 44.67	\$ 49.26	\$ 83.26	\$ 115.19	\$ 209.30	\$ 563.20	N / A	N / A
City of San Rafael	Marin	1/1/2019	\$ 35.16	\$ 41.36	\$ 82.72	\$ 124.08	\$ 266.98	\$ 816.33	\$ 510.95	\$ 1,450.34
Las Gallinas Valley Sanitary District	Marin	1/1/2019	\$ 32.13	\$ 37.79	\$ 75.58	\$ 113.37	\$ 270.55	\$ 812.30	\$ 547.42	\$ 1,527.89
City of Larkspur	Marin	1/1/2019	\$ 40.07	\$ 47.12	\$ 94.24	\$ 141.36	\$ 299.18	\$ 897.24	\$ 600.83	\$ 1,575.45
Town of Ross	Marin	1/1/2019	\$ 33.65	\$ 39.60	\$ 79.20	\$ 118.80	N / A	N / A	\$ 508.39	\$ 1,525.02
County of Marin	Marin	1/1/2019	\$ 28.87	\$ 47.18	\$ 96.64	\$ 149.66	\$ 340.82	\$ 1,022.60	\$ 545.55	\$ 1,636.69
City of Campbell ¹	Santa Clara	7/1/2018	\$ 21.44	\$ 28.05	\$ 56.10	\$ 84.15		\$ 424.34	\$ 280.20	\$ 848.69
City of Cupertino	Santa Clara	11/1/2017	N / A	\$ 25.49	\$ 20.99	\$ 76.49	N / A	N / A	\$ 250.51	\$ 751.52
City of Los Altos	Santa Clara	7/1/2018	\$ 31.98	\$ 34.45	\$ 68.89	\$ 103.35	\$ 135.16	\$ 405.49	\$ 405.48	\$ 1,216.48
City of Milpitas	Santa Clara	12/1/2017	\$ 32.22	\$ 35.02	\$ 41.19	\$ 47.32	\$ 116.21	\$ 286.19	\$ 263.93	\$ 747.15
City of Monte Sereno ¹	Santa Clara	7/1/2018	\$ 24.40	\$ 31.93	\$ 63.86	\$ 95.79	\$ 186.51	\$ 565.00	\$ 373.02	\$ 1,130.01
City of Mountain View	Santa Clara	7/1/2018	\$ 23.25	\$ 33.90	\$ 67.80	\$ 101.70	\$ 124.65	\$ 373.45	\$ 352.50	\$ 1,016.15
City of Palo Alto	Santa Clara	7/1/2017	\$ 27.81	\$ 50.07	\$ 100.15	\$ 150.22	\$ 219.49	\$ 590.31	\$ 504.40	\$ 1,455.48
City of San Jose	Santa Clara	7/1/2018	N / A	\$ 34.19	\$ 68.38	\$ 102.57	\$ 143.68	\$ 411.47	\$ 200.68	\$ 573.92
City of Santa Clara	Santa Clara	7/1/2018	\$ 21.76	\$ 27.77	\$ 41.48	\$ 55.19	\$ 88.28	\$ 255.44	\$ 247.26	\$ 701.79
City of Sunnyvale	Santa Clara	1/1/2018	N / A	\$ 41.65	\$ 46.88	\$ 53.96	\$ 177.27	\$ 494.70	\$ 424.53	\$ 1,233.55
City of Saratoga ¹	Santa Clara	7/1/2018	\$ 23.10	\$ 30.23	\$ 60.45	\$ 90.68	\$ 198.18	\$ 600.62	\$ 396.37	\$ 1,201.23
Town of Los Altos Hills	Santa Clara	7/1/2018	\$ 30.74	\$ 42.85	\$ 85.73	\$ 128.57	\$ 107.90	\$ 227.25	\$ 168.85	\$ 394.85
Town of Los Gatos ¹	Santa Clara	7/1/2018	\$ 21.86	\$ 28.70	\$ 57.40	\$ 86.10	\$ 166.19	\$ 503.52	\$ 332.39	\$ 1,007.03
Marin Franchisors ¹ Average			\$ 33.97	\$ 42.61	\$ 85.68	\$ 129.45	\$ 294.38	\$ 887.12	\$ 542.63	\$ 1,543.08
Marin County Average without MFG			\$ 31.88	\$ 41.23	\$ 75.26	\$ 109.93	\$ 227.49	\$ 586.31	\$ 448.68	\$ 1,172.32
Marin County - All			\$ 32.69	\$ 41.69	\$ 78.73	\$ 116.44	\$ 249.78	\$ 695.70	\$ 495.66	\$ 1,378.30
All City Average			\$ 29.02	\$ 36.76	\$ 66.61	\$ 96.27	\$ 190.70	\$ 532.87	\$ 420.05	\$ 1,208.96

¹ 1 CY not available, reflected here for 1.5 CY





FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

This FIRT AMENDMENT to the Revised and Restated Exclusive Franchise Agreement to Collect, Transfer, Process, Market, and Dispose of Solid Wasted, Recyclable and Organic Materials Between Marin Sanitary Service (COMPANY) and the Las Gallinas Valley Sanitary District (DISTRICT) is made and entered into this ___ day of January 2019.

WHEREAS, the DISTRICT and COMPANY entered into a written agreement (Agreement) on February 28, 2013 pursuant to which the COMPANY renders Solid Waste, Recyclable Material and Green Waste collection, processing and disposal services to businesses, residents and government institutions in the unincorporated areas of the DISTRICT ; and

WHEREAS, global revenues from the sale of recyclable materials have declined in recent years due to international market factors including China’s “National Sword”, resulting in a projected net cumulative loss to the COMPANY in connection with the processing of recyclable materials of \$2.3 million from 2011 to 2018; and

WHEREAS, the Franchise Agreement includes a mechanism by which half of the profits and losses resulting from changes in revenues received from the sale of Recyclable Materials are held in a reserve fund with cumulative losses held in the reserve fund amounting to \$1.15 million; and

WHEREAS, pursuant to the terms and conditions of the Agreement, DISTRICT and COMPANY met and conferred and have agreed to a reasonable remedy to the COMPANY, which includes elimination of the reserve fund and a new mechanism for the COMPANY to share the profits and losses from changes in revenues received from the sale of recyclable materials via the rates set by the CITY and to be charged by the COMPANY beginning on January 1, 2019; and

WHEREAS, DISTRICT and COMPANY mutually desire to amend the Agreement to establish a streamlined and simplified rate setting methodology that will provide for rate stabilization and predictability of future rate increases, clarify certain services and update certain obligations of the COMPANY.

NOW, THEREFORE, it is mutually agreed as follows:

1. Article 19. Assignments, Subcontracts, and Changes of Ownership, shall be amended to read:

19. Assignments.

Notwithstanding Article 2 of this Agreement, if any assignment of this Agreement by Collector occurs, the provision in Article 2 of this Agreement, setting forth the automatic extension of the term of the Agreement shall be immediately terminated and the term of this Agreement shall expire following ten (10) years from the date of any such assignment.

(A) No interest in this Agreement may be assigned or sold, either in whole or in part, by COMPANY without the prior written consent of the DISTRICT which the DISTRICT may grant or refuse in its reasonable discretion. The COMPANY shall promptly notify the

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

DISTRICT in writing at least **one hundred twenty (120)** days in advance of the proposed closing of any such proposed assignment, sale or transfer. **The COMPANY is encouraged to notify the DISTRICT as soon as possible of any proposed assignment.** In the event that the DISTRICT Board of Directors approves of any assignment, sale or transfer, said approval shall not relieve COMPANY of any of its obligations or duties under this Agreement unless this Agreement is modified in writing to that effect.

- (B) Any such assignment, sale or transfer made by the COMPANY without the consent of the DISTRICT shall be null and void and the attempted assignment, sale or transfer shall constitute a material breach of this Agreement and give the CITY grounds to terminate this Agreement upon written notice to the COMPANY, and upon such termination, all liability of the DISTRICT under this Agreement to the COMPANY shall cease, and the DISTRICT shall have the right to call the performance bond and shall be free to negotiate with other contractors.
- (C) The DISTRICT may not assign its rights or subrogate its obligations under this Agreement without the prior written consent of the COMPANY, except to a joint powers authority authorized by Govt. Code Sec. 6500 et seq.
- (D) For purposes of this section, "assignment, sale or transfer" shall include, but not be limited to:
- (1) A sale, exchange or other transfer to a third party of outstanding common stock of the COMPANY which may results in a Change in Control (as defined below);
 - (2) Any sale to a third party of all or substantially all of the COMPANY'S assets dedicated to providing the services required by this Agreement;
 - (3) Any subcontracting of the COMPANY'S services required under this Agreement, except to an affiliate of the COMPANY (defined as an entity that is controlled by **Joseph John Garbarino or his lineal descendants and/or the lineal descendants of Joseph and Angelina Garbarino**) or for processing or landfilling services customarily subcontracted by the COMPANY;
 - (4) Any dissolution, reorganization, consolidation, merger, recapitalization, stock issuance or re- issuance, voting trust, pooling agreement, escrow arrangement, liquidation or other transaction;
 - (5) Any assignment by operation of law, including insolvency or bankruptcy, assignment for the benefit of creditors, writ of attachment for an execution being levied against this Agreement, appointment of a receiver taking possession of COMPANY'S property, or transfer occurring in a probate proceeding; and

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

- (6) Any combination of the foregoing (whether or not related or contemporaneous transactions), which has the effect of a Change in Control.

- (D) The COMPANY acknowledges that this Agreement involves rendering a vital service to the DISTRICT'S residents and businesses, and that the DISTRICT has selected the COMPANY to perform the services specified herein based on:
 - (1) The COMPANY'S experience, skill and reputation for conducting its solid waste management operations in a safe, effective and responsible fashion, at all times in keeping with applicable local, state and federal environmental laws, regulations and best waste management practices; and
 - (2) The COMPANY'S financial resources to maintain the required equipment and to support its indemnity obligations to DISTRICT under this Agreement. The DISTRICT relied on each of these factors, among others, in choosing the COMPANY to perform the services to be rendered by the COMPANY under this Agreement.

- (F) The DISTRICT is concerned about the possibility that an assignment, sale or transfer could result in significant rate increases, as well as a change in the quality of service. Accordingly, the following standards have been set to ensure that any assignment, sale or transfer shall result in continued quality of service. At a minimum, no request by the COMPANY for the DISTRICT'S consent to an assignment, sale or transfer need be considered by the DISTRICT unless and until the COMPANY has met the following requirements:
 - (1) The COMPANY shall reimburse the DISTRICT for its reasonable, documented expenses for attorneys and other consultants engaged by the DISTRICT to investigate the suitability of any proposed assignee, and to review and finalize any documentation required as a condition for approving any such assignment. However, it is likely that other agencies of the Marin Franchisors' Group served by the COMPANY may also be considering the request for consent to the assignment, sale or transfer. In consideration of the payment described in this subsection, the agencies of the Marin Franchisors' Group agree to work together to reasonably avoid duplication of such costs among them, given the common requests for consent. In furtherance of the COMPANY'S obligation to all such franchisors, upon notice by the COMPANY of its intention to assign its rights hereunder, the COMPANY shall pay the sum of two hundred thousand dollars (\$200,000) into an escrow account towards the total of all such costs incurred by the franchisors and the franchisors shall direct the COMPANY to pay a pro rata share of that amount to each of them with the apportionment of such payments at the sole discretion of the franchisors;

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

- (2) The COMPANY shall furnish the DISTRICT with audited financial statements of the proposed assignee's operations for the immediately preceding three (3) operating years;
- (3) The COMPANY shall furnish the DISTRICT with satisfactory proof:
 - a. That the proposed assignee has at least ten (10) years of solid waste management experience including the handling of solid waste, recyclable and organic materials on a scale equal to or exceeding the scale of operations conducted by the COMPANY under this Agreement;
 - b. That in the last five (5) years, neither the proposed assignee nor any of its affiliates have suffered significant major citations or other charges from any federal, state or local agency having jurisdiction over its waste management operations due to any significant failure to comply with state, federal or local environmental laws and that the assignee has provided the DISTRICT with a complete list of such citations and charges;
 - c. That the proposed assignee has conducted its operations in a reasonably environmentally safe and conscientious fashion;
 - d. That the proposed assignee has conducted its solid waste management practices in good faith and substantial compliance with sound waste management practices, including all federal, state and local laws regulating the collection and disposal of solid waste, including hazardous wastes; and
 - e. Provide any other available information required by DISTRICT to ensure that the proposed assignee can fulfill the terms of this Agreement in a timely, safe and effective manner.
- (G) Under no circumstances shall the DISTRICT be obliged to consider any proposed assignment, sale or transfer by the COMPANY if the COMPANY is in material breach of any provision of this Agreement at the time of the request or at any time during the period of consideration of the request. The DISTRICT will provide the COMPANY with a reasonable opportunity to be heard before the DISTRICT Board and the opportunity to correct any such claimed failure of performance or material breach.
- (H) In the case of any assignment, sale or transfer the assignee shall not be entitled to request any adjustment in rates other than as provided under this Agreement.
- (I) A Change in Control shall occur when Joseph John Garbarino or his lineal descendants and/or the lineal descendants of Joseph and Angelina Garbarino shall cease to have the power, directly or indirectly, to control the management, operation and policies of the

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COMPANY, whether through the ownership of a majority of voting securities, as trustee, by contract or otherwise.

- (J) COMPANY shall provide an annual written update to the DISTRICT by October 1 of each year detailing the COMPANY'S plans, actions, accomplishments and next steps with respect to its internal succession planning. COMPANY shall meet with the DISTRICT on request to discuss details of the COMPANY'S succession planning efforts.

Section 15. Failure to Perform , shall be amended to read:

2. 15. Performance Review.

- (A) DISTRICT as part of the Marin Franchisor's Group or on its own may conduct periodic reviews of COMPANY'S performance ("Performance Review"). Reviews may be scheduled at the DISTRICT'S discretion, with up to one (1) Performance Review occurring every three years, with the first such Performance Review being possible between 2019 and 2021.
- (B) COMPANY shall be responsible for the cost of each Performance Review in an amount not exceeding \$60,000 per Performance Review, escalated annually by the annual change in CPI. Payment is due in full prior to the start of each Performance Review and is considered an allowable cost for the purposes of a Detailed Review.
- (C) The Performance Reviews may be performed by the DISTRICT or its consultant. In the event the DISTRICT intends to retain a consultant to perform the reviews, it may seek and accept comments and recommendations from COMPANY.
- (D) The Performance Reviews may be designed to verify that: rates have been properly calculated and that they correspond to the level of service received by customers; franchise fees and other fees required under this Agreement have been properly calculated and paid to DISTRICT; COMPANY has complied with the reporting requirements and performance standards of the Agreement; COMPANY'S customer service, outreach, education, compliance and internal auditing functions meet or exceed industry best practices; reports provided by COMPANY are accurate.
- (E) COMPANY shall cooperate fully with the Performance Review and provide all requested data, including operational data, financial data and other data reasonably requested by DISTRICT (or its designated consultant) within thirty (30) work days.
- (F) The DISTRICT (or its designated consultant) may utilize a variety of methods in the execution of the Performance Review, including analysis of relevant documents, on-site and field observations, and interviews.
- (G) DISTRICT (or its designated consultant) will review and document the items in the Agreement that require COMPANY to meet specific performance standards, submit

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information or reports, perform additional services, or document operating procedures, that can be objectively evaluated.

- (H) DISTRICT (or its designated consultant) may also review the customer service functions and structure utilized by COMPANY. This may include COMPANY'S protocol for addressing customer complaints and service interruption procedures. Complaint logs may be reviewed, along with procedures and systems for tracking and addressing complaints. On-site and field observations by DISTRICT (or its designated consultant) may include, but are not necessarily limited to:
- (1) Interviews and discussions with COMPANY'S administration and management personnel;
 - (2) Interviews and discussions with COMPANY'S financial and accounting personnel;
 - (3) Interviews and discussions with route dispatchers, route drivers, vehicle maintenance staff, field and service supervisors, and managers;
 - (4) Review and observation of COMPANY'S customer service functions and structure, and vehicle maintenance practices;
 - (5) Review of public education and outreach materials;
 - (6) Review of on-route collection services, including observation of driver performance and collection productivity and visual inspection of residential routes before and after collection to evaluate cart placement and cleanliness of streets;
 - (7) Review of vehicle and equipment maintenance log and accident or vehicle incident records, if any.
- (I) In the event that the Performance Review concludes that COMPANY is not in compliance with all terms and conditions of this Agreement and such non-compliance is material, DISTRICT may conduct an additional Performance Review to ensure that that COMPANY has remedied any such area of non-compliance. COMPANY shall be responsible for the cost of any such additional Performance Review, at a maximum cost of \$40,000, escalated annually by the annual change in CPI. Costs for additional Performance Reviews per this section are not considered allowable costs for the purposes of a Detailed Review.

3. Exhibit A. Marin Sanitary Service – Description of Services, shall be amended to add:

GENERAL

Recyclable Materials Processing Facility:

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COMPANY shall continue to provide full service processing, marketing and sale of Recyclable Materials collected by the COMPANY within the DISTRICT at the “Marin Recycling” Recyclable Materials processing facility located at 535 Jacoby Street in San Rafael, which is operated by the COMPANY’S affiliated company, Marin Resource and Recycling Association. COMPANY and DISTRICT agree that the charges for rate revenues for Recyclable Materials processing to be billed by the COMPANY as described in Exhibit B are predicated on the COMPANY continuing to process Recyclable Materials at the Marin Recycling facility. Under no circumstances may the COMPANY cease processing of the DISTRICT’S Recyclable Materials at the Marin Recycling facility without prior approval of the DISTRICT. The COMPANY may temporarily ship Recyclable Materials to other processing facilities at its discretion as needed while repairs or upgrades are made to the Marin Recycling facility, but any such temporary shipment of Recyclable Materials is at the COMPANY’S sole expense and risk without any change in the rate revenues and charges for Recyclable Materials processing via Indexed Adjustment or Detailed Review.

Education, Outreach, Technical Assistance, Monitoring, Compliance Services:

COMPANY shall continue to provide DISTRICT with outreach, education, technical assistance, monitoring and compliance services to residents, multi-family dwellings and commercial businesses. The DISTRICT and COMPANY intend for these services to: provide information to customers regarding the services offered by the COMPANY as provided for via the Agreement; encourage, incentivize and maximize participation in recycling and organics collection programs, and; implement the requirements of state laws AB 341, AB 1826, SB 1383, and any other solid waste, recycling and organics state law requirements applicable to DISTRICT and/or COMPANY. The DISTRICT and COMPANY further intend to define specific and quantifiable performance targets and reporting requirements for these services so that the DISTRICT and COMPANY can accurately and consistently evaluate and monitor progress towards landfill diversion goals and state laws. To that end, the DISTRICT and COMPANY agree to develop mutually agreeable quantitative performance targets and reporting requirements for these services by June 30, 2019.

COMMERCIAL SERVICE

Organics:

COMPANY to include updated description of services here.

MULTI-FAMILY (FIVE OR MORE UNIT STRUCTURES)

Organics:

COMPANY to include updated description of services here.

MUNICIPAL SERVICES

Organics:

COMPANY to include updated description of services here.

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4. **Exhibit B. Annual Rate Revenue Adjustments**, is replaced in its entirety as attached hereto.
5. **DISTRICT and COMPANY agree** and acknowledge that, except as explicitly modified by this Amendment, the Agreement remains in full force and effect.

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FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

IN WITNESS WHEREOF, we, the authorized agents of the contracting parties, by our duly authorized agents, do hereby affix our signatures and seals this ____ day of _____, 2019.

LAS GALLINAS VALLEY SANITARY DISTRICT

MARIN SANITARY SERVICE

By: _____

By: _____

Printed
Name: _____

Printed
Name: _____

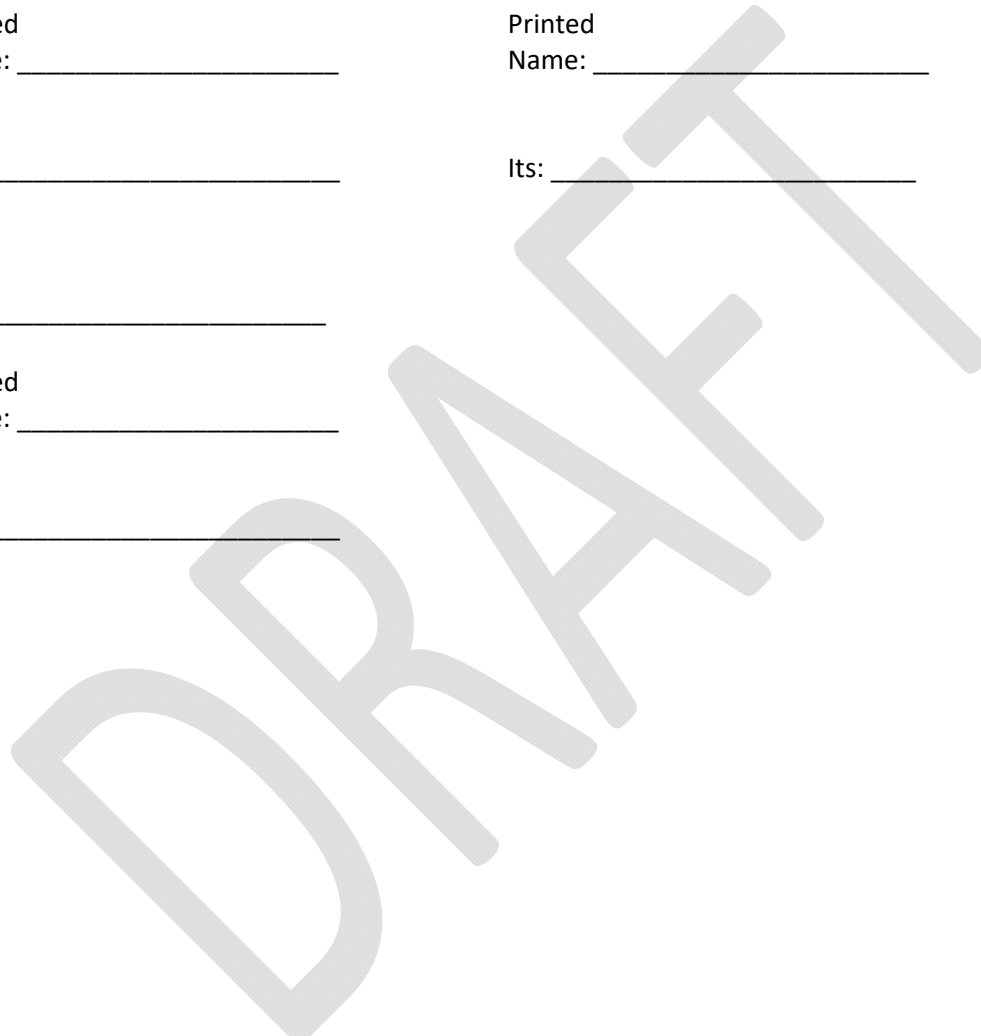
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FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

EXHIBIT B - ANNUAL RATE REVENUE ADJUSTMENTS

1. DISTRICT PARTICIPATION IN MARIN FRANCHISORS' GROUP

The DISTRICT participates in a consolidated annual rate revenue adjustment process with the CITY OF SAN RAFAEL, the CITY OF LARKSPUR, the TOWN OF ROSS, and the COUNTY OF MARIN, all of which hold agreements with the COMPANY that are substantially similar to the agreement between the DISTRICT and COMPANY. Known collectively as the Marin Franchisors' Group, the DISTRICT and the aforementioned agencies direct the COMPANY to any and all requests for annual rate revenue adjustments via a consolidated Rate Application applicable to all Marin Franchisors' Group agencies.

2. MARIN FRANCHISORS' GROUP RATE REVENUE REQUIREMENT

The Marin Franchisors' Group (including the DISTRICT) and COMPANY have agreed after thorough review that the 2019 COMPANY monthly service rates (rates) to be set by the Marin Franchisors' Group agencies ("agencies"), charged and billed by the COMPANY are necessary to collect rate revenues for the following rate revenue categories, yielding a total 2019 rate revenue requirement of \$37,826,662. Amounts shown below are 2019 totals for the Marin Franchisors' Group as a whole for each category; amounts applicable to the DISTRICT and the other agencies are shown below.

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	Marin Franchisors' Group Total	San Rafael	Larkspur	County	LGVSD	Ross
Percentage of Total Operating Revenue	100.00%	63.53%	15.97%	9.93%	8.50%	2.08%
COMPANY Operations (Including Profit)	\$27,255,538	\$17,314,579	\$4,351,974	\$2,705,958	\$2,316,139	\$566,888
Garbage Landfilling and Organics Processing	4,102,408	2,606,130	655,044	407,291	348,617	85,326
Recyclable Materials Processing	680,000	431,983	108,578	67,511	57,785	14,143
Franchise Fees	3,978,060	2,338,487	638,199	750,459	145,154	105,761
Other Agency Fees	1,213,857	443,600	568,400	201,857	-	-
Zero Waste Marin Fees	381,250	242,196	60,875	37,851	32,398	7,930
Recycling Losses	117,475	74,628	18,758	11,663	9,983	2,443
Fuel and Disposal True-ups	98,074	62,303	15,660	9,737	8,334	2,040
Total 2019 Rate Revenue Requirement	Marin Franchisors' Group Total 37,826,662	San Rafael 23,513,906	Larkspur 6,417,488	County 4,192,327	LGVSD 2,918,410	Ross 784,531

3. INDEXED RATE REVENUE ADJUSTMENTS

Annual adjustments to rates effective January 1 of each year shall be set via an Indexed Adjustment. The COMPANY'S consolidated Rate Application via the Indexed Adjustment method is due annually by September 1 and shall include calculation of rate revenues by rate revenue category for the following year as described below. The Indexed Adjustment is the default method for annual rate adjustments and shall continue indefinitely unless a Detailed Review is allowed and requested in accordance with Section 4 of this Exhibit B.

- a. **COMPANY Operations (Including Profit):** Increases annually by the percentage change in the Consumer Price Index for Water and Sewer and Trash Collection, U.S. city average, Bureau of

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Labor Statistics Series I.D. CUSR0000SEHG (“Index”). The percentage change is calculated by dividing the Index value for June of the current year by the Index value for June of the prior year, rounded to the nearest hundredth of a percent, with the minimum and maximum possible percentage change being set at 2.50% and 5.00%, respectively.

For example, the 2020 COMPANY Operations rate revenue category shall be the product of \$27,255,538 times the Index value in June of 2019 divided by the Index value in June of 2018 (which was 236.869), rounded to the nearest dollar. If the Index value in June of 2019 is 245.000 then the 2020 COMPANY Operations rate revenue category shall equal \$27,255,538 times 245.000 divided by 236.869, which is \$28,190,403 (a 3.43% increase over the prior year).

b. Garbage Landfilling and Organics Processing: Changes annually as described below.

The 2019 Garbage Landfilling and Organics processing rate revenue category is set at \$4,102,408 and is calculated based on the sum of the products of the projected 2019 Marin Franchisors’ Group tons and the per ton tipping fees for the following categories: residential garbage; residential green waste/organics; commercial garbage; commercial mixed waste for processing; commercial food scraps; and Marin Franchisors’ Group waste delivered to COMPANY and Marin Franchisors’ Group clean-ups delivered to COMPANY. This sum is reduced by the product of the projected 2019 non-regulated (non-DISTRICT non-Marine Franchisors’ Group) tons times the per ton credit for hauling of those tons.

The total of the above for 2019 is \$4,084,810, to which \$17,598 is added to account for prior year cost true-ups (applicable only in 2019, 2020 and 2021), yielding \$4,102,408 in 2019. The specific tons and per ton rates used for the basis of the 2019 calculation are shown below.

Residential garbage	10,824 tons times \$57.33 per ton
Residential green waste/organics	17,575 tons times \$50.72 per ton
Commercial garbage	27,497 tons times \$57.33 per ton
Commercial mixed waste for processing	9,615 tons times \$96.91 per ton
Commercial food scraps	2,133 tons times \$23.46 per ton
Marin Franchisors’ Group waste	2,043 tons times \$96.91 per ton
Credit for hauling non-regulated tons	7,856 tons times -\$23.35 per ton

The COMPANY shall use the same methodology to calculate the Garbage Landfilling and Organics processing rate revenue category amount in future years by using the actual tons by category shown above from July 1 of the prior year to June 30 of the then current year as the basis for projecting tons for the coming rate year. For example, the COMPANY shall use tons in the above categories from July 1, 2018 to June 30, 2019 as the basis for projecting tons for 2020, and so forth. The COMPANY shall multiply the projected tonnages by the actual per ton tipping fees for each category for the coming rate year, if available; if actual per ton tipping fees for the coming year are not available for any category, then COMPANY will project coming year per ton tipping fees for such categories by increasing the actual per ton tipping fee in the current rate year by 2.5%.

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c. Recyclable Materials Processing: Changes annually as described below.

The 2019 Recyclable Materials processing rate revenue category is set at \$680,000 and is calculated as the product of a projected 17,000 tons of Recyclable Materials to be collected by the COMPANY from the Marin Franchisors' Group in 2019, times a net Recyclable Materials processing cost of \$40 per ton, which is set and shall be adjusted annually as described below. Under no circumstances will the COMPANY charge a net Recyclable Materials processing cost to the DISTRICT that would exceed the net Recyclable Materials processing cost charged by the COMPANY or its affiliates to any other agency whose Recyclable Materials are delivered to the COMPANY'S Recyclable Materials processing facility.

2019 Net Recyclable Materials Processing Cost Per Ton: The net Recyclable Materials processing cost of \$40 per ton is set to incentivize the COMPANY to maximize revenues from the sale of Recyclable Materials and is calculated as the difference between the per ton Recyclable Materials processing costs (set at \$202.00 per ton for 2019) and the per ton Recyclable Materials revenue (set at \$162.00 per ton for 2019) for the COMPANY'S Recyclable Materials processing facility, Marin Recycling.

The COMPANY'S 2019 per ton Recyclable Materials processing cost amount of \$202.00 is calculated as 90% of the projected Recyclable Materials processing cost (90% of a projected \$5,611,111 yielding \$5,050,000 in incentivized processing cost) divided by the projected total tons of Recyclable Materials processed in its Recyclable Materials processing facility (set at 25,000 tons for 2019), rounded to the nearest cent. \$5,050,000 divided by 25,000 tons is \$202.00 per ton.

The COMPANY'S 2019 per ton Recyclable Materials revenue amount of \$162.00 per ton is calculated as 90% of projected Recyclable Materials sales revenues (90% of a projected \$4,500,000 yielding \$4,050,000 in recycling revenues) divided by the projected total tons of processed Recyclable Materials (set at 25,000 tons for 2019), rounded to the nearest cent. \$4,050,000 divided by 25,000 tons is \$162.00 per ton.

Annual Adjustments in Net Recyclable Materials Processing Cost Per Ton: The 2019 \$5,050,000 incentivized Recyclable Materials processing cost for the Marin Franchisors' Group shall increase annually by the same percentage change in the Consumer Price Index for Water and Sewer and Trash Collection, U.S. city average, Bureau of Labor Statistics Series I.D. CUSR0000SEHG ("Index") as described in Section 3.a of this Exhibit B-1, rounded to the nearest dollar.

For example, using the same 3.43% increase shown in Section 3.a, above, the 2020 incentivized processing cost for the Marin Franchisors' Group would be \$5,223,215. That amount shall be divided by the number of all tons of Recyclable Materials processed at the COMPANY'S Recyclable Materials processing facility from July 1 of the prior year through June 30 of the then current year. As a sample calculation, if the COMPANY'S Recyclable Materials Processing Facility processes 26,000 tons of Recyclable Materials between July 1, 2018 and June 30 of 2019, then

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the COMPANY'S 2020 per ton Recyclable Materials processing cost would be \$5,223,215 divided by 26,000 tons, equaling \$200.89 per ton.

The 2020 per ton Recyclable Materials revenue amount shall be calculated based on 90% of the total revenue received by the COMPANY'S Recyclable Materials processing facility in the categories of "Salvage Income", "Redemption Income (Net of Buyback)", "Processing Fee Income (Salvage Support)", "Other Salvage Income (Net of Sales Adjustment)" and "Other Redemption Income-State" from July 1 of the prior year through June 30 of the then current year. The total of those revenues shall be divided by the number of all tons of Recyclable Materials processed at the COMPANY'S Recyclable Materials processing facility during that same time period, yielding the same number of tons as calculated for the per ton Recyclable Materials processing cost, above. For example, using the same example of 26,000 tons from July 1, 2018 through June 30, 2019, and a placeholder example of \$4,500,000 in total revenue received in the categories stated above, the COMPANY'S 2020 per ton Recyclable Materials revenue amount would be \$4,500,000 times 90% divided by 26,000 tons, equaling \$155.77 per ton. Based on the examples shown above, the COMPANY'S 2020 net Recyclable Materials processing cost would be \$200.89 per ton minus \$155.77 per ton, equaling \$45.12.

Revisions to Incentivized Recyclable Materials Processing Cost: The DISTRICT and COMPANY agree that the methodology to incentivize the COMPANY to maximize revenues from the sale of Recyclable Materials described herein (specifically the use of 90% of costs and 90% of revenues) is appropriate given current market conditions. However, in the event that markets for Recyclable Materials change substantially resulting in two (2) consecutive years of annual decreases or increases of 10% or greater in the total revenue received by the COMPANY'S Recyclable Materials processing facility in the categories of "Salvage Income", "Redemption Income (Net of Buyback)", "Processing Fee Income (Salvage Support)", "Other Salvage Income (Net of Sales Adjustment)" and "Other Redemption Income-State" between July 1 and June 30, then the DISTRICT and COMPANY agree to mutually consider necessary and appropriate revisions to the incentivization mechanism described herein. Such revisions would be considered inasmuch as they would maintain fair and equitable cost to DISTRICT rate-payers while continuing to provide incentives for the COMPANY to maximize efficiencies and the amount of revenue generated from the sale of Recyclable Materials. Any change in the incentivization methodology as described herein would be via Amendment to this Agreement.

- d. Franchise Fees:** Changes annually based on the actual franchise fee amounts due from the COMPANY to DISTRICT and the Marin Franchisors' Group agencies. Franchise fee amounts are set by the DISTRICT and the Marin Franchisors' Group agencies, are dependent on changes to all other rate revenue categories, and change in accordance with the total annual rate revenue to be charged by the COMPANY. In setting the amounts of rate revenues for franchise fees, the COMPANY will calculate franchise fees for the coming year in accordance with the total amounts of all other rate revenue categories for the coming year.

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- e. **Other Agency Fees:** Comprised of fixed agency fees for the DISTRICT and the Marin Franchisors' Group and is set at the sum total of fixed agency fees, and which are subject to adjustment by the DISTRICT and the Marin Franchisor's Group from time to time.
- f. **Zero Waste Marin Fees:** Changes annually based on the fees set and charged by Zero Waste Marin to the COMPANY based on the percentage increase in overall Zero Waste Marin fees assessed to the COMPANY as applicable to the services provided by the COMPANY to the Marin Franchisors' Group. For example, if Zero Waste Marin sets 2020 fees applicable to the services provided by the COMPANY to the Marin Franchisors' Group at 5% above the 2019 fees, then the Zero Waste Marin fees rate revenue component would be 5% above the 2019 amount of \$381,250, yielding \$400,312. Similarly, if Zero Waste Marin sets 2021 fees applicable to the services provided by the COMPANY to the Marin Franchisors' Group at 4% above the 2020 fees, then the Zero Waste Marin fees component would be 4% above the 2020 amount, and so forth.
- g. **Recycling Losses and Fuel and Disposal True-ups:** Apply only to the rate revenue requirements in 2019, 2020 and 2021. The total rate revenues requirement in these years include \$117,475 to account for prior COMPANY losses on the processing of Recyclable Materials (with no further revenue for prior recycling losses being collected via the rates or due to the COMPANY) and \$98,074 to account for prior COMPANY true-ups on costs for fuel, oil, and disposal (with no further revenue for prior true-ups being collected via the rates or due to the COMPANY).
- h. **Annual Rate Revenue Reconciliation:** Changes annually starting with calculation of the 2021 total rate revenue requirement. The 2021 annual rate revenue reconciliation amount will be set as the difference between the 2019 total rate revenue requirement of \$37,706,507 and the total amount of COMPANY billings to all Marin Franchisors' Group customers, which won't be available until after the 2020 indexed rate adjustment. For example, if the total amount of 2019 charges billed by the COMPANY to all Marin Franchisors' Group customers is \$37,750,000 then the 2021 annual rate revenue reconciliation would be \$37,706,507 minus \$37,750,000, yielding negative \$43,493, thus decreasing the 2020 total rate revenue requirement by \$43,493.

Likewise, if the total amount of 2019 charges billed by the COMPANY to all Marin Franchisors' Group customers is \$37,700,000 then the 2021 annual rate revenue reconciliation would be \$37,706,507 minus \$37,700,000, yielding \$6,507, thus increasing the 2020 total rate revenue requirement. Similarly, the 2022 annual rate revenue reconciliation amount will be set as the difference between the 2020 total rate revenue requirement of and the total amount of COMPANY billings to all Marin Franchisors' Group customers in 2020, and so forth.

- i. **Calculation of the Annual Rate Adjustment:** The annual adjustment to the rates is calculated by dividing the coming year's total rate revenue requirement by the then current year's total rate revenue requirement, minus 100%, rounded to the nearest hundredth of a percent. For example, if the 2020 total rate revenue requirement, calculated in accordance with Sections 3.a through 3.i, above, is \$38,500,000, then dividing that amount by the actual 2019 total rate revenue requirement of \$37,706,507 yields an annual adjustment to the rates effective January 1, 2020 at an increase of 2.10%. Similarly, the 2021 total rate revenue requirement shall be

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calculated as the calculated using the 2021 total rate revenue requirement and the actual 2020 total rate revenue requirement, and so forth.

- j. COMPANY'S Rate Application Subject to Review by DISTRICT:** The DISTRICT may review or engage a consultant to review the COMPANY'S Rate Application to ensure mathematical accuracy and conformance with this Exhibit B, and to review all necessary supporting documentation for figures stated by the COMPANY in the Rate Application. COMPANY shall reimburse the DISTRICT'S cost for a consultant for this and other allowed purposes up to \$15,000 annually. This amount is included in the COMPANY'S Operations rate revenue requirement, and shall increase annually at the same rate of increase as noted in Section 3.a, above.

4. REVENUE ADJUSTMENTS VIA DETAILED REVIEW

Adjustments to rates effective January 1 of 2025, and every five (5) years thereafter (2030, 2035, etc.), may be set via a Detailed Review. A Detailed Review may be initiated only upon written request of the DISTRICT or the COMPANY to the other party, with such written request due by March 1 of the year preceding the January 1 for which rate revenues are requested to be adjusted via a Detailed Review. Nothing contained herein shall prevent DISTRICT and COMPANY from agreeing to conduct a Detailed Review earlier than would be allowed in the schedule stated above.

COMPANY shall submit its Rate Application on or before August 1, 2024 for rates to be effective January 1, 2025, and so forth. The Detailed Review shall thoroughly review the basis for the COMPANY'S Rate Application. The Rate Application shall contain a summary letter explaining the elements of the Rate Application and the COMPANY'S requested total rate revenue requirement by category matching each of the categories described in Section 3 of this Exhibit. The Rate Applications cost projections shall be directly derived from and directly reference revenues and costs by category as listed in the COMPANY'S audited financial statements such that all figures presented as the basis for the COMPANY'S application can be tied back to the financial statements for the most recently completed fiscal year preceding the given August 1 Rate Application due date.

In its Rate Application, COMPANY shall assemble and submit its forecasts of revenues at current rates and subscription levels (with no adjustments for bad debt or projected migration or service level changes), annual cost of operations, pass-through costs, and profit, for the coming year. The COMPANY shall clearly explain in its Rate Application the method used to produce such forecasts, and such information as is necessary to support the assumptions made with regard to such forecasts (such as projected population growth or migration, service or operational changes, projected changes in tonnages, known or reasonably expected cost increases, etc.).

COMPANY shall provide all financial information and supporting documentation required for the completion of the Detailed Review in a format acceptable to DISTRICT (or DISTRICT'S designated consultant) in a timely manner. COMPANY shall allow for all required information and supporting documentation to be provided to DISTRICT (or its designated consultant) via physical mail, e-mail, or any other delivery method approved by DISTRICT, including on-site review of information at the COMPANY'S offices.

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COMPANY shall present forecasted annual cost of operations, profit on such forecasted annual cost of COMPANY operations, and forecasted franchise, other agency and Zero Waste Marin fees, reviewed and calculated as set forth below.

- a. **COMPANY Operations:** Allowed costs of operations for COMPANY'S prior fiscal year shall be used as the starting point to evaluate the forecasted cost for the year for which rates are being adjusted. The review shall evaluate forecasted labor, benefits, garbage landfilling and organics processing, general and administrative, depreciation and leases, maintenance, fuel and oil, Recyclable Materials processing, interest and Zero Waste Marin fees.

COMPANY'S financial statements shall be reviewed to determine COMPANY'S costs for each of the foregoing categories during the fiscal year involved. DISTRICT will use the financial statements to determine that costs have actually been incurred and have been assigned to the appropriate category. Additionally, the COMPANY shall identify the allocated portion of the COMPANY'S financial statement costs that are allocated to the Marin Franchisors' Group and to the DISTRICT. The methodology for DISTRICT'S and Marin Franchisors' Group allocated portion of the COMPANY'S costs shall be the same as or substantially similar to the methodology used to determine the allocations used in setting the COMPANY'S 2019 revenue requirement.

The DISTRICT and the Marin Franchisors' Group shall retain the right to approve the allocation methodology used in to determine the allocated portion of the COMPANY'S costs used for the purposes of a Detailed Review. DISTRICT may adjust the COMPANY'S operations actual costs in two ways: (1) to exclude any non-allowable costs (including bad debt, contributions, and true-ups of any prior years' costs), and (2) to exclude and/or reduce any costs that were not reasonably and necessarily incurred in the performance of the services or other obligations of COMPANY under this Agreement.

- b. **Garbage Landfilling and Organics Processing:** Company shall project these costs as per the methodology described in Section 3 of this Exhibit.
- c. **Recyclable Materials Processing:** Company shall project these costs as per the methodology described in Section 3 of this Exhibit, with the exception that the COMPANY may propose to update the Recyclable Materials processing cost component.
- d. **Franchise Fees:** Company shall project these costs as per the methodology described in Section 3 of this Exhibit.
- e. **Other Agency Fees:** Company shall project these costs as per the methodology described in Section 3 of this Exhibit.
- f. **Zero Waste Marin Fees:** Company shall project these costs as per the methodology described in Section 3 of this Exhibit, except that the proportion of Zero Waste Marin Fees assessed to the COMPANY as applicable to the services provided by the COMPANY to the Marin Franchisors' Group may be adjusted.

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

- g. Profit:** Profit to COMPANY shall be calculated by applying an operating ratio of 90.5% as an adequate rate of return to COMPANY. The operating ratio shall be applied to COMPANY'S total forecasted allowable expenses, which shall not include expenses that are identified as non-allowable expenses or as pass-through expenses, as described above, nor any amounts of interest expense, Recyclable Materials processing costs, or Zero Waste Marin fees. The formula for applying the operating ratio is as follows: $\text{operating ratio} = (\text{allowable expenses}) / (\text{allowable expenses} + \text{profit})$.
- h. Annual Rate Revenue Reconciliation:** Company shall include rate revenue for this category as per the methodology described in Section 3 of this Exhibit.
- i. Calculation of the Annual Rate Adjustment:** Adjustments to the rates effective January 1 of the year following initiation of the Detailed Review shall be calculated based on the difference between the calculated total rate revenue requirement and the projected revenues at current rates and service levels. For example, if the total rate revenue requirement, calculated in accordance with Sections 4.a through 3.h, above were to be \$40,000,000 for January 1, 2025, and the projected revenues at current rates were to be \$39,500,000, then the annual rate adjustment would be \$40,000,000 divided by \$39,500,000, yielding an increase of 1.26%, with the percentage rounded to the nearest hundredth of a percent.
- j. COMPANY'S Rate Application Subject to Review by DISTRICT:** The DISTRICT may review or engage a consultant to review the COMPANY'S Rate Application to ensure mathematical accuracy and conformance with this Exhibit B, and to review all necessary supporting documentation for figures stated by the COMPANY in the Rate Application. COMPANY shall reimburse the DISTRICT'S cost for a consultant at an amount not to exceed \$100,000 (escalated annually by CPI) and included as an allowable cost in the Rate Application.

FIRST AMENDMENT TO THE REVISED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT TO COLLECT, TRANSFER, PROCESS, MARKET, AND DISPOSE OF SOLID WASTED, RECYCLABLE AND ORGANIC MATERIALS BETWEEN MARIN SANITARY SERVICE AND THE LAS GALLINAS VALLEY SANITARY DISTRICT

5. REVENUE ADJUSTMENTS FOR CHANGES IN SERVICES

The DISTRICT or COMPANY may periodically propose changes to the services provided by the COMPANY. In the event that the DISTRICT and COMPANY agree on proposed changes to services, the COMPANY shall provide the DISTRICT with projected operational, cost and revenue data reflecting the entire cost of such changes, including any applicable COMPANY profit. The DISTRICT reserves the right to require that the COMPANY supply any additional operational, cost, and revenue data, or any other information it may reasonably need to ascertain the appropriate financial impact of the proposed service changes any and necessary adjustment to rate revenues resulting from said service changes.

Upon written DISTRICT approval of the changes to services, their financial impacts, and the adjustment to rate revenues, COMPANY shall include the rate revenue adjustments in its next regularly scheduled rate application. Such Rate Application shall include a description of the agreed-on service changes and the approved adjustment to rate revenues, with the new rate revenues clearly identified sub-components of the COMPANY Operations category, and/or the Garbage Landfilling and Organics Processing and Recyclable Materials Processing category, as applicable depending on the nature of the change in services. Once new rate revenues pursuant to this Section have been included as sub-components of one or more of the rate revenue categories as noted above, they shall be adjusted annually in accordance with the provisions for said categories as described in Sections 3 and 4, above.

SPECIAL MINUTES OF NOVEMBER 15, 2018

1
2
3 THE BOARD OF DIRECTORS OF THE LAS GALLINAS VALLEY SANITARY DISTRICT MET IN OPEN
4 SESSION ON NOVEMBER 15, AT 4:31 PM, AT THE DISTRICT OFFICE, 300 SMITH RANCH ROAD,
5 SAN RAFAEL, CALIFORNIA.
6

7 **BOARD MEMBERS PRESENT:** M. Clark, R. Elias, R. Greenfield, C. Murray, and
8 J. Schriebman
9

10 **BOARD MEMBERS ABSENT:** None.
11

12 **STAFF PRESENT:** Chris DeGabriele, Interim General Manager, Mike Cortez,
13 District Engineer; Teresa Lerch, District Secretary; Mel
14 Liebmann, Plant Manager; Susan McGuire, District
15 Treasurer.
16

17 **OTHERS PRESENT:** Patrick Richardson, District Counsel, Mike Prinz; Justin
18 Logan, Aqua Engineers, Jim Bowley, MHW Constructors;
19 Bryan Evans, Myers & Sons Construction; Dennis
20 Gellerman, Brown and Caldwell.
21

22 **ANNOUNCEMENT:** President Clark announced that the agenda had been
23 posted as evidenced by the certification on file in
24 accordance with the law
25

26 **PUBLIC COMMENT:** None
27

28 **ACTION CALENDAR:**
29

30 Approve Interim General Manager Authority to Award Contract to Myers & Sons Construction for
31 Construction of Secondary Treatment Plant Upgrade and Recycled Water Expansion (a.k.a. Novato
32 South Service Area/LGVSD-MMWD Recycled Water Project).
33

34 **ACTION:**

35 Board approved (M/S Greenfield/Murray 5-0-0-0) Interim General Manager Authority to Award Contract to
36 Myers & Sons Construction for Construction of Secondary Treatment Plant Upgrade and Recycled Water
37 Expansion (a.k.a. Novato South Service Area/LGVSD-MMWD Recycled Water Project)

38 AYES: Clark, Elias, Greenfield, Murray and Schriebman.

39 NOES: None.

40 ABSENT: None.

41 ABSTAIN: None.
42

43 Approve Interim General Manager Authority to Award Contract to MWH Constructors for Construction
44 Management of Secondary Treatment Plant Upgrade and Recycled Water Expansion.
45

46 **ACTION:**

47 Board approved (M/S Clark/Schriebman 4-1-0-0) Interim General Manager Authority to Award Contract to
48 MWH Constructors for Construction Management of Secondary Treatment Plant Upgrade and Recycled
49 Water Expansion.

50 AYES: Clark, Greenfield, Murray and Schriebman

51 NOES: Elias.

52 ABSENT: None.

53 ABSTAIN: None.

54 Approve Interim General Manager Authority to Award Contract to ArcSine Engineering for SCADA
55 Programming Services of Secondary Treatment Plant Upgrade and Recycled Water Expansion.

56

57 **ACTION:**

58 Board approved (M/S Schriebman/Greenfield 5-0-0-0) Interim General Manager Authority to Award
59 Contract to ArcSine Engineering for SCADA Programming Services of Secondary Treatment Plant
60 Upgrade and Recycled Water Expansion.

61 AYES: Clark, Elias, Greenfield, Murray and Schriebman

62 NOES: None.

63 ABSENT: None.

64 ABSTAIN: None.

65

66 Board Approve Setting 5% Change Order Contingency and Signing Authority for Secondary Treatment
67 Plant Upgrade and Recycled Water Expansion.

68

69 **ACTION:**

70 Board approved (M/S Murray/Elias 5-0-0-0) Setting 5% Change Order Contingency and Signing Authority
71 for Secondary Treatment Plant Upgrade and Recycled Water Expansion

72 AYES: Clark, Elias, Greenfield, Murray and Schriebman

73 NOES: None.

74 ABSENT: None.

75 ABSTAIN: None.

76

77 **CONSENT CALENDAR:**

78 These items are considered routine and will be enacted, approved or adopted by one motion unless a request for
79 removal for discussion or explanation is received from the staff or the Board.

80 A. Approve the Board Minutes for October 25, 2018

81 B. Approve the Warrant List for November 15, 2018.

82 C. Approve Board Compensation for October 2018.

83 D. Approve Conference attendance for Murray – CASA Washington DC Policy Form – February 25-27,
84 2019.

85 E. Approve 2018-19 First Quarter Financial Statements as of September 30, 2018.

86 F. Approve Resolution 2018-2141 A Resolution Approving and Adopting the First Addendum to the Adopted
87 Initial Study/Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program (Addendum
88 No.1) For the Las Gallinas Secondary Treatment and Recycled Water Plant Upgrade Project (Job
89 No.12600-07 and 16650-02) and Approving the Revised Project for the Las Gallinas Valley Sanitary
90 District.

91 G. Approve 2018 LGVSD Strategic Plan.

92

93 Items C, F and G were pulled for discussion.

94

95 **ACTION:**

96 Board approved (M/S Schriebman/Elias 5-0-0-0) the Consent Calendar Items A through G.

97 AYES: Clark, Elias, Greenfield, Murray and Schriebman

98 NOES: None.

99 ABSENT: None.

100 ABSTAIN: None.

101

102 Cortez left at 5:50 pm.

103

104

105

106

107

108

109 **INFORMATION ITEMS:**
110 **STAFF / CONSULTANT REPORTS:**
111 1. Interim General Manager Report – Verbal – DeGabriele reported.
112 2. Monthly Treasurer’s Report – McGuire reported.
113 3. Annual Reimbursement Report for Staff and Board Members – McGuire reported.
114 4. Annual Capital Facilities Charge Accounting and Reporting – McGuire reported.
115
116 Richardson left at 6:00 pm.
117
118 **BOARD REPORTS:**
119 1. Human Resources Subcommittee – Clark reported.
120 2. LAFCO – Verbal – Murray reported.
121 3. Gallinas Watershed Council / Miller Creek Watershed Council – Verbal – Schriebman reported.
122 4. JPA Local Task Force on Solid and Hazardous Waste – Verbal – Greenfield reported.
123 5. NBWA – Verbal– Clark, Schriebman and DeGabriele reported.
124 6. NBWRA /North Bay Water – Verbal – No report.
125 7. Engineering Subcommittee – Verbal – No report.
126 8. Other Reports – Murray - Per and Polyfluoroalkyl Substances (PFAS) and Onsite Non-
127 Potable Water Reuse with Expert Panel Discussion
1289.
129 **BOARD REQUESTS:**
130 Board Meeting Attendance Requests – None.
131
132 Board Agenda Item Requests – Schriebman requested that James Raives from Marin County Parks and
133 Open Space be a speaker at a future Board Meeting. Murray related information on the Draft Sewer
134 Lateral Ordinance to DeGabriele and requested that Maureen Gaffney of the Bay Trail present at a
135 future Board Meeting.
136
137 **VARIOUS ARTICLES AND MISCELLANEOUS DISTRICT CORRESPONDENCE:**
138 Schriebman wanted to acknowledge Sahar Golshani, LGVSD Environmental Services Director for helping
139 to arrange the Marin Audubon Birds in Flight workshop in the Lab Classroom.
140
141 **ADJOURNMENT:**
142
143 **ACTION:**
144 Board approved (M/S Murray/Schriebman 5-0-0-0) the adjournment of the meeting at 6:41 p.m.
145 AYES: Clark, Elias, Greenfield, Murray and Schriebman.
146 NOES: None.
147 ABSENT: None.
148 ABSTAIN: None.
149
150 The next Board Meeting is scheduled for December 13th at the District Office.
151
152 **ATTEST:**
153
154 _____
155 Teresa Lerch, District Secretary
156
157
158 **APPROVED:**
159
160
161 _____
162 Megan Clark, Board President
163
164 **SEAL**

Las Gallinas Valley Sanitary District
Warrant List
11-30-18

Agenda Item 4B
Date December 13, 2017

	Date	Num	Vendor	Amount	Description for items > \$1000
1	11/20/2018	EFT1	ADP, LLC	80,406.64	Payroll for paydate 11/21/18
2	11/20/2018	EFT1	ADP, LLC	97.05	Processing fees for paydate 11/9/18
3	11/16/2018	PC	County of Marin, County Clerk	50.00	Petty Cash Check #198
4	11/23/2018	PC	Secretary of State	80.00	Petty Cash Checks #199,200
5	11/21/2018	ACH	Lerch, Teri	152.93	
8	11/30/2018	15840	AT&T	1,690.22	Nov 7 - Dec 6 land lines and alarms
9	11/30/2018	EFT	Bank of Marin Cardmember Services	20,808.56	Statement closing date 11/5/18
10	11/30/2018	ACH	Brown and Caldwell	2,820.30	STPU and RWF projects amend#2 redesign and rebidding svcs
6	11/30/2018	EFT	Calif. Public Employees Retirement System	13,153.37	Pension contribution employee and employer for 11/21/18 paydate
11	11/30/2018	ACH	CalPERS Fiscal Services Division	11,630.00	OPEB
12	11/30/2018	EFT	CALPERS Health	25,623.59	12/1/2018
7	11/30/2018	EFT	CalPERS Supplemental Income 457 Plan	7,172.10	Employee salary deferrals for 11/21/18 paydate
13	11/30/2018	ACH	Caltest Analytical Laboratory	1,141.90	Samples
14	11/30/2018	ACH	Central Marin Sanitation Agency	1,621.73	FOG and Pollution prevention programs Jul-Sep 2018
15	11/30/2018	EFT	Direct Dental Administrators	142.00	
16	11/30/2018	EFT	Discovery Benefits	50.00	
17	11/30/2018	ACH	Elias, Rabi	200.00	
18	11/30/2018	15841	Environmental Science Associates	10,481.56	Emergency rock vane repair for LMC Amendment #1 - addl scope
19	11/30/2018	ACH	Fastenal Company	505.84	
20	11/30/2018	ACH	Fastenal Company	550.67	
21	11/30/2018	15842	Federal Express	94.93	
22	11/30/2018	ACH	Fishman Supply Co.	133.71	
23	11/30/2018	ACH	Golshani, Sahar	36.30	
24	11/30/2018	ACH	Grainger	88.14	
25	11/30/2018	ACH	Greenfield, Russell	200.00	
26	11/30/2018	ACH	Harrington Industrial Plastics, LLC	98.30	
27	11/30/2018	ACH	Liebmann, Mel	152.00	
28	11/30/2018	15843	Marin Ace	39.22	
29	11/30/2018	15848	Medical Center of Marin	200.00	
30	11/30/2018	ACH	Murray, Craig	125.00	
31	11/30/2018	15844	North Bay Petroleum	2,275.05	Unleaded and Diesel fuel
32	11/30/2018	15845	Operating Engineers Local No. 3	407.12	
33	11/30/2018	ACH	Restoration Management Company	1,417.70	SSO clean up at property; landscape
34	11/30/2018	ACH	Retiree Augusto	183.34	
35	11/30/2018	ACH	Retiree Burgess	592.00	
36	11/30/2018	ACH	Retiree Cummins	183.34	
37	11/30/2018	ACH	Retiree Cutri	528.52	
38	11/30/2018	ACH	Retiree Emanuel	249.30	
39	11/30/2018	ACH	Retiree Gately	212.97	
40	11/30/2018	ACH	Retiree Guion	212.97	

Las Gallinas Valley Sanitary District
Warrant List
11-30-18

	Date	Num	Vendor	Amount	Description for items > \$1000
41	11/30/2018	ACH	Retiree Johnson	624.35	
42	11/30/2018	ACH	Retiree Kermoian	183.34	
43	11/30/2018	ACH	Retiree Mandler	183.34	
44	11/30/2018	ACH	Retiree Memmott	183.34	
45	11/30/2018	ACH	Retiree Petrie	197.76	
46	11/30/2018	ACH	Retiree Pettey	592.00	
47	11/30/2018	ACH	Retiree Pickrel	183.34	
48	11/30/2018	ACH	Retiree Provost	249.30	
49	11/30/2018	ACH	Retiree Reetz	499.68	
50	11/30/2018	ACH	Retiree Reilly	183.34	
51	11/30/2018	ACH	Retiree Vine	183.34	
52	11/30/2018	ACH	Retiree Wettstein	592.00	
53	11/30/2018	ACH	Retiree Williams	592.00	
54	11/30/2018	ACH	Schriebman, Judy	200.00	
55	11/30/2018	15846	SWRCB (FEES)	526.00	
56	11/30/2018	ACH	Unison Solutions, Inc.	2,031.67	Siloxane removal media - BERS/BioCNG
57	11/30/2018	15847	Water Components & Building Supply	238.79	
			TOTAL	\$ 193,251.96	

12/13/2018

Warrant List for December 13, 2018

Agenda Item 4B

- Separate Item to be distributed at Board Meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation

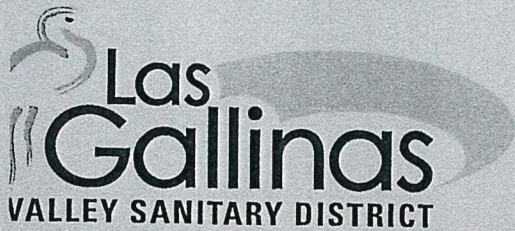
Agenda Item 4C
Date December 13, 2018

November 2018

Directors' Meeting Attendance Recap

<u>Name</u>	<u>Total Meetings</u>
Megan Clark	4
Rabi Elias	3
Russell Greenfield	4
Craig Murray	6
Judy Schriebman	4
Total	<u>21</u>

Meeting Date: 12/13/2018
Paydate 12/7/2018



300 Smith Ranch Road, San Rafael, CA 94903

Office: 415.472.1734 Fax: 415.499.7715

BOARD MEMBER ATTENDANCE FORM

Director's Name: Rabi Elias Month: NOV 2018

Board Members shall be compensated for up to the legal limit of six (6) meeting per month and one (1) per day. Board members are limited to four (4) conferences or seminars per year. For multi-day conferences, compensation shall be at a maximum of one (1) meeting per day.

REGULAR and SPECIAL MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
11/15	Regular	✓	
TOTAL		1	

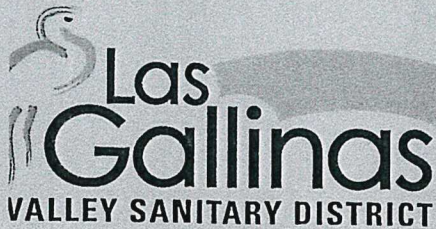
OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
11/8	Harassment prevention	✓	
11/9	Engineering Comm. Meeting	✓	
TOTAL		2	

Total Meetings for which I am Requesting Payment: Max of six (6) per Health & Safety Code §4733	3
---	---

I hereby certify that the meetings as set forth above are true and correct and are for the purpose of conducting official business for the Las Gallinas Valley Sanitary District.

R. Elias
Signature
SM 12/3/18
Approved By/ Date

11/15/2018
Date
12/7/18
Pay Date



300 Smith Ranch Road, San Rafael, CA 94903

Office: 415.472.1734 Fax: 415.499.7715

BOARD MEMBER ATTENDANCE FORM

Director's Name: Greenfield Russ Month: November

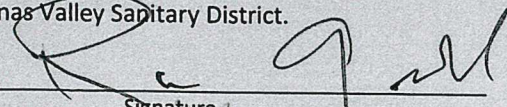
Board Members shall be compensated for up to the legal limit of six (6) meeting per month and one (1) per day. Board members are limited to four (4) conferences or seminars per year. For multi-day conferences, compensation shall be at a maximum of one (1) meeting per day.

REGULAR and SPECIAL MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
11/15	Reg	✓	
TOTAL			

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
11/7	SPR	✓	
11/8	HARRASMENT Team	✓	
11/9	Engineering committee	✓	
TOTAL			

Total Meetings for which I am Requesting Payment: Max of six (6) per Health & Safety Code §4733	4
---	---

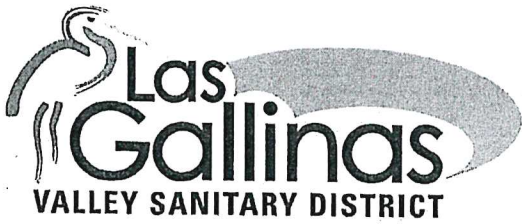
I hereby certify that the meetings as set forth above are true and correct and are for the purpose of conducting official business for the Las Gallinas Valley Sanitary District.



 Signature
 12/3/18
 Approved By/ Date

11/15/18

 Date
 12/7/18
 Pay Date



300 Smith Ranch Road, San Rafael, CA 94903
 Office: 415.472.1734 Fax: 415.499.7715

BOARD MEMBER ATTENDANCE

Director's Name: MURRAY, Craig K. Month: November 2018

Board Members shall be compensated for up to the legal limit of six (6) meeting per month and one (1) per day. Board members are limited to four (4) conferences or seminars per year. For multi-day conferences, compensation shall be at a maximum of one (1) meeting per day.

REGULAR and SPECIAL MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
11/1/18	HR Subcommittee Meeting – ASM Initial Application Review	X	
11/15/18	Special Board Meeting	X	
11/16/18	HR Subcommittee Meeting – ASM Interviews	X	
TOTAL		3/3	

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
11/8/18	Sexual Harassment Prevention Training, Novato FD	X	
11/14/18	CASA Air Quality, Climate Change & Energy Workshop Meeting – 10-1	X	
11/14/18	ICMA Coaching: Gaining Project Support From Your Team, Elected Officers and the Public: Paul Casey, City Manager Santa Barbara; Anthony Lyons, City Manager Gainesville, FL; Hannes Zacharias President National Association of County Administrators		X
11/2,29/18	LAFCo Chair, Vice Chair, Interim EO Coordinating Meeting.	XX	
11/10, 25,26/18	Merrydale Road/Las Gallinas Creek Headwater Litter Removal c/o City of San Rafael: 11/10,11,12: 5.0 Hours; 11/25: 2.0 Hours; 11/26: 0.5 Hour		XXX
11/29/18	District Check Signing, Vice President Duties		X
11/29/18	LAFCo Budget Subcommittee Meeting		X
TOTAL		4/10	

TOTAL MEETINGS CHARGED:

76 as provided by law



300 Smith Ranch Road, San Rafael, CA 94903

Office: 415.472.1734 Fax: 415.499.7715

BOARD MEMBER ATTENDANCE FORM

Director's Name: Judy Schreibman Month: November

Board Members shall be compensated for up to the legal limit of six (6) meeting per month and one (1) per day. Board members are limited to four (4) conferences or seminars per year. For multi-day conferences, compensation shall be at a maximum of one (1) meeting per day.

REGULAR and SPECIAL MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
11/15	Reg meeting	X	
TOTAL			

OTHER MEETINGS		CHARGING DISTRICT	
Date	Description of meeting	Yes	No
11/8	Sexual Harassment Prevention training	X	
11/7	BWC	X	
11/9	NRWA	X	
TOTAL			

Total Meetings for which I am Requesting Payment: Max of six (6) per Health & Safety Code §4733	4
---	---

I hereby certify that the meetings as set forth above are true and correct and are for the purpose of conducting official business for the Las Gallinas Valley Sanitary District.

(see email)

 Signature
 JSC 12/3/18
 Approved By/ Date

12/1/18

 Date
 12/7/18
 Pay Date

AGENDA ITEM 4D
DATE December 18, 2018



BOARD MEMBER MEETING ATTENDANCE REQUEST

Date: 12/11/18 Name: Megan Clark

I would like to attend the CASA Meeting
of _____

To be held on the 23rd day of January from _____ a.m. / p.m. and
returning on 25th day of January from _____ a.m. / p.m.

Actual meeting date(s): _____

Purpose of Meeting: CASA Conference.

Frequency of Meeting: _____

Estimated Costs of Travel (if applicable): _____

Please submit to the District Administrative Assistant, no later than 2:00 p.m. on the Friday prior to the Board Meeting.

For Office Use Only

Request was Approved Not Approved at the Board Meeting held on _____.

AGENDA ITEM _____
DATE _____



BOARD MEMBER MEETING ATTENDANCE REQUEST

Date: 12/1/13 Name: Rabi Elias

I would like to attend the CASA Meeting
of _____

To be held on the 23rd day of January from _____ a.m. / p.m. and
returning on 25 day of January from _____ a.m. / p.m.

Actual meeting date(s): _____

Purpose of Meeting: CASA Conference

Frequency of Meeting: _____

Estimated Costs of Travel (if applicable): _____

Please submit to the District Administrative Assistant, no later than 2:00 p.m. on the Friday prior to the Board Meeting.

For Office Use Only

Request was Approved Not Approved at the Board Meeting held on _____.

AGENDA ITEM _____
DATE _____



~~BOARD MEMBER~~
MEETING ATTENDANCE REQUEST

Date: 12/1/12 Name: Mike Brinz

I would like to attend the CASA Meeting
of _____

To be held on the 23rd day of January from _____ a.m. / p.m. and
returning on 29th day of January from _____ a.m. / p.m.

Actual meeting date(s): _____

Purpose of Meeting: CASA Conference

Frequency of Meeting: _____

Estimated Costs of Travel (if applicable): _____

Please submit to the District Administrative Assistant, no later than 2:00 p.m. on the Friday prior to the Board Meeting.

For Office Use Only

Request was Approved Not Approved at the Board Meeting held on _____.



BOARD MEMBER MEETING ATTENDANCE REQUEST

Date: 11/30/18 Name: Crystal J. Yezman

I would like to attend the CASA Meeting
of _____

To be held on the 23rd day of January from _____ a.m. / p.m. and
returning on 25th day of January from _____ a.m. / p.m.

Actual meeting date(s): _____

Purpose of Meeting: CASA conference

Frequency of Meeting: 1x/yr

Estimated Costs of Travel (if applicable): _____

Please submit to the District Administrative Assistant, no later than 2:00 p.m. on the Friday prior to the Board Meeting.

For Office Use Only

Request was Approved Not Approved at the Board Meeting held on _____.



Consent _____
Staff/Consultant Reports _____
Agenda Item 4E
Date 12/13/2018

Agenda Summary Report

To: Mike Prinz, General Manager *MP*
From: Susan McGuire, Administrative Services Manager *SM*
Mtg. Date: December 13, 2018
Re: Revised Revenue, Operations and Maintenance, Debt Service, Reserve Funding and Capital Outlay Budgets for 2018-19

BACKGROUND:

The Board adopted the District's Revenue, Operations and Maintenance, Debt Service, Reserve Funding, and Capital Outlay Budgets for 2018-19 on June 14, 2018. Staff historically has proposed a budget revision after the prior fiscal year end is closed to make adjustment for changes in revenue and operations and maintenance expense projections and capital outlay projects.

The attached budget has been revised from the budget adopted June 14, 2018 as follows (changed amounts are highlighted in yellow):

Revenue and Sources of Funds:

- User charge revenue has been update to reflect the actual charges applied to customers.
- Franchise fee revenue has been updated to reflect the imposition of a 5% franchise fee for refuse hauling. This is the estimated amount for the remainder of the fiscal year.
- Operating reserves of \$12,685 are being utilized for capial expenses.
- The funds from prior year capital projects which were not expended have been carried forward for 2018/19 capital projects in the amount of \$10,510,410.
- Funds from the Captain's Cove and Marin Lagoon reserve funds have been carried forward for Captains Cove projects.
- Bond proceeds will be utilized for the Secondary Treatment Plant Upgrade and Recycled Water Expansion.

Operations and Maintenance:

- Staff salaries, wages, and benefits have decreased by \$127,080 to reflect known and planned changes in staffing.
- Workers' compensation insurance has decreased by \$20,000 based on the known premium and modification rate as well as revised payroll.
- Power generation and maintenance has increased by \$10,000 to reflect the maintenance contracts for the system components.
- Capital repairs have increased by \$20,000 to budget for planned maintenance on the reclamation pump station.
- Consultant expense has increased by \$20,000 for recruitment costs.
- Fuel and Oil have increased by \$2,000 based on year to date trends.
- Computer Support and Supplies have increased by \$5,000 due to additional software needs.



Capital Outlay

- Carryover funds from 2018 for projects which span several years or for which funding is accumulating for several years have been updated.
- Current year funding amounts have been updated to reflect changes in budget estimates for the expected cost or to reallocate funds between projects.

STAFF RECOMMENDATION:

Board approve the Revised Revenue, Operations and Maintenance, Debt Service, Reserve Funding and Capital Outlay Budgets for 2018-19.

FISCAL IMPACT:

\$42,112,205.

PERSON TO BE NOTIFIED:

Not applicable.

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 REVENUE BUDGET
REVISED DECEMBER 13, 2018**

Revenue Description	2016-17 Final Actual	2017-18 Final Actual	2018-19 Adopted Budget	2018-19 Revised Budget
OPERATING REVENUE				
User Charges	\$ 13,059,850	\$ 13,634,548	\$ 14,120,000	\$ 14,220,000
Educational Revenue Augmentation Fund	366,078	372,411	320,000	320,000
Recycled Water	45,548	61,080	42,000	42,000
Franchise Fees	25,000	25,000	25,000	70,000
Inspections/Permits/Application Fee	8,957	11,678	43,000	43,000
Interest	532	425	500	500
Interest on Reserves	72,856	269,180	156,000	156,000
Suppl. Property Tax Assess.	15,409	27,670	16,000	16,000
Homeowner Property Tax Relief	4,363	4,354	4,300	4,300
Private Sewer Lateral Assistance Program	76,027	101,368	80,000	80,000
Miscellaneous Revenue	33,057	29,521	20,000	20,000
Sale of Assets	(6,267)	29,012	-	-
Operating Transfer Out	-	-	(3,813,703)	(4,048,783)
Total Operating Revenue	<u>13,701,410</u>	<u>14,566,247</u>	<u>11,013,097</u>	<u>10,923,017</u>
CAPACITY RELATED REVENUE				
Annex and Capital Facility Charges	39,580	228,625	-	-
Interest	451	242	300	300
Total Capacity Related Revenue	<u>40,031</u>	<u>228,867</u>	<u>300</u>	<u>300</u>
GENERAL CONSTRUCTION REVENUE				
Property Tax	856,873	890,205	870,000	870,000
Operating Transfer In	-	-	3,813,703	4,048,783
	<u>856,873</u>	<u>890,205</u>	<u>4,683,703</u>	<u>4,918,783</u>
OTHER SOURCES OF FUNDS				
Marin Municipal Water District	436,837	455,057	463,145	463,145
Loan	41,039,514	-	-	-
Federal Grant	-	-	847,150	847,150
State Grant	-	362,033	-	-
	<u>41,476,351</u>	<u>817,090</u>	<u>1,310,295</u>	<u>1,310,295</u>
UTILIZATION OF BOND FUNDS AND RESERVES				
Reserves	366,256	-	-	12,685
Private Sewer Lateral Assistance Funds	-	-	-	-
Prior Year Capital Project Carryover	4,046,259	1,359,494	3,632,500	10,510,410
Construction Project Reserve	-	791,158	-	-
Interest Earned on Unspent Bond Funds	-	567,986	-	-
Transfers from Bond Fund	65,955	-	14,360,020	14,360,020
Marin Lagoon Reserve Fund	-	13,580	74,000	74,000
Captains Cove Reserve Fund	-	236	2,695	2,695
Capital Facilities Fund	350,056	300,300	-	-
	<u>4,828,526</u>	<u>3,032,754</u>	<u>18,069,215</u>	<u>24,959,810</u>
TOTAL REVENUES	<u>\$ 60,903,191</u>	<u>\$ 19,535,163</u>	<u>\$ 35,076,610</u>	<u>\$ 42,112,205</u>

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 OPERATING AND MAINTENANCE EXPENSE BUDGET
REVISED DECEMBER 13, 2018**

Acct. Num.	Expense Description	2016-17 Total Actual	2017-18 Total Actual	2018/19 Adopted Budget	2018/19 Revised Budget	Percent Change from Prior Year
1003	Regular Staff Salaries	\$ 2,252,470	\$ 2,458,142	\$ 2,455,000	\$ 2,431,500	-0.13%
1004	Extra Hire	-	-	101,000	35,500	100.00%
1008	Over Time	87,008	83,452	68,500	72,500	-17.92%
1009	Vacation and Sick Accrual	51,592	67,515	39,000	39,000	-42.24%
1010	Stand By	76,396	78,263	73,100	78,100	-6.60%
1036	Directors Salary	55,847	75,391	56,000	72,000	-25.72%
1037	Directors Benefits	9,000	8,400	9,600	9,600	14.29%
1404	Payroll Taxes	178,182	191,210	205,095	206,650	7.26%
1502	Group Life Insurance	5,462	5,683	5,362	5,362	-5.65%
1507	PERS	350,789	340,354	387,837	387,837	13.95%
1509	Health Insurance	531,839	526,814	604,045	532,725	14.66%
1510	Dental Insurance	17,479	21,551	19,200	19,200	-10.91%
1514	Vision Insurance	2,019	2,324	2,750	2,750	18.33%
1516	Long Term Disability	17,786	19,686	20,655	20,655	4.92%
2006	Auto Allowance	12,730	10,338	13,200	9,450	27.68%
2007	Commute Stipend	28,037	28,845	36,000	46,435	24.80%
1006	Payroll Processing	9,657	9,466	10,000	10,000	5.64%
	Total Employee Expense	<u>3,686,293</u>	<u>3,927,434</u>	<u>4,106,344</u>	<u>3,979,264</u>	4.56%
1701	Workers' Comp Insurance	41,785	41,159	65,000	45,000	57.92%
2060	Pooled Liability Insurance	103,753	103,800	113,000	113,000	8.86%
2061	Fidelity Bond	1,232	950	950	950	0.00%
	Total Insurance Expense	<u>146,770</u>	<u>145,909</u>	<u>178,950</u>	<u>158,950</u>	22.64%
2083	Vehicle Parts & Maintenance	42,093	52,880	41,500	41,500	-21.52%
2096	Building maintenance	12,117	15,317	17,500	17,500	14.25%
2097	Grounds Maintenance	7,161	21,410	40,000	40,000	86.83%
2538	Power Generation Maint & Repair	3,748	2,418	65,000	75,000	2588.17%
2365	Equipment Maintenance	50,442	35,848	85,000	85,000	137.11%
2366	Equipment Repair	71,465	72,211	74,500	74,500	3.17%
2367	Capital Repairs/Replacements	166,782	266,606	130,000	150,000	-51.24%
	Total Repairs and Maintenance	<u>353,808</u>	<u>466,690</u>	<u>453,500</u>	<u>483,500</u>	-2.83%
2107	Hypochlorite	45,585	39,888	54,000	54,000	35.38%

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 OPERATING AND MAINTENANCE EXPENSE BUDGET
REVISED DECEMBER 13, 2018**

Acct. Num.	Expense Description	2016-17 Total Actual	2017-18 Total Actual	2018/19 Adopted Budget	2018/19 Revised Budget	Percent Change from Prior Year
2110	Bisulfite	57,425	35,755	46,000	46,000	28.65%
2109	Miscellaneous Chemicals	88,131	62,975	74,500	74,500	18.30%
2119	Pollution Prevention Program	16,905	12,264	12,500	12,500	1.92%
2117	Lab Contract Services	50,748	37,425	43,000	43,000	14.90%
2102	Special Monitoring/Pilot Testing	2,800	-	-	-	0.00%
2249	Small Tools	3,261	5,805	8,000	8,000	37.81%
2322	Outside Services	17,111	16,721	18,000	18,000	7.65%
2324	Janitorial	9,771	11,557	15,000	15,000	29.79%
2325	Aquatic Review	3,536	3,421	3,800	3,800	11.08%
2327	Uniform Service	4,913	6,005	6,500	6,500	8.24%
2330	Damage Claim	992	407	10,000	10,000	2357.00%
2334	Sludge Disposal	47,984	67,573	67,500	67,500	-0.11%
2357	Regulatory Consultant	158,591	80,414	159,300	159,300	98.10%
2358	Engineering Consultant	27,337	73,106	15,000	15,000	-79.48%
2360	Consultants	36,763	100,658	100,000	120,000	-0.65%
2362	General Operating Supplies	52,110	44,017	51,600	51,600	17.23%
2535	Utility Power	314,316	161,943	154,300	154,300	-4.72%
2534	Telephone	32,704	33,072	33,505	33,505	1.31%
2536	Water	4,897	8,634	10,000	10,000	15.82%
2501	Fuel & Oil	26,380	23,420	18,000	20,000	-23.14%
2389	Safety Equipment & Supplies	22,775	20,054	32,000	32,000	59.57%
2397	Safety Services	28,720	28,619	30,000	30,000	4.83%
2801	Lateral Rehab Assistance Program	116,091	52,406	219,861	219,861	319.53%
2477	Conferences	46,090	64,232	58,000	58,000	-9.70%
2479	Mileage and Travel	5,881	8,025	5,500	5,500	-31.46%
2129	Election	1,043	-	25,000	25,000	100.00%
2133	Office Supplies	16,432	14,072	14,000	14,000	-0.51%
2716	Computer Support and Supplies	40,418	121,468	80,000	85,000	-34.14%
2135	Bank Charges	2,574	1,594	1,500	1,500	-5.90%
9778	User Charge Collection Fee	32,908	33,379	35,000	35,000	0.00%
2221	Publication and Legal Ads	13,779	12,128	10,000	10,000	-17.55%

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 OPERATING AND MAINTENANCE EXPENSE BUDGET
REVISED DECEMBER 13, 2018**

Acct. Num.	Expense Description	2016-17 Total Actual	2017-18 Total Actual	2018/19 Adopted Budget	2018/19 Revised Budget	Percent Change from Prior Year
2223	Public Education and Outreach	33,462	34,037	40,000	40,000	17.52%
2264	Taxes, Other	7,766	8,917	9,000	9,000	0.93%
2272	Memberships	44,083	44,810	44,000	44,000	-1.81%
2363	Permits	48,604	55,985	54,250	54,250	-3.10%
2364	Fines	9,000	-	-	-	-100.00%
2246	Rents and Leases	21,008	16,362	17,500	17,500	6.96%
2713	Legal	195,643	197,981	120,000	120,000	-39.39%
2717	Audit	30,570	25,570	27,000	27,000	5.59%
9786	Employee Recognition	2,481	6,616	4,500	4,500	-31.98%
9787	Employee Training and Education	18,263	16,273	18,000	18,000	10.61%
9999	Miscellaneous expense	102	-	1,000	1,000	100.00%
	OPERATING EXPENSE TOTALS	<u>\$ 5,926,824</u>	<u>\$ 6,127,621</u>	<u>\$ 6,485,410</u>	<u>\$ 6,395,330</u>	1.76%

100 Administration 125 Engineering 200 Collection System 300 Pump Station 350 Captains Cove
360 Marin Lagoon Laboratory 400 600 Treatment Plant 900 Other / General

(1) Reserve funding has been moved to separate budget effective with 2014-15

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 DEBT SERVICE BUDGET
ADOPTED JUNE 14, 2018**

Expenditure	2015-16 Total Actual	2016-17 Total Actual	2017-18 Adopted Budget	2018-19 Adopted Budget
2005 Certificates of Participation/ Refunded 2014	\$ 686,045	\$ 689,876	\$ 697,963	\$ 690,473
2010 State Revolving Fund Loan	285,464	285,464	285,464	285,464
2011 Bank of Marin Loan	332,681	332,681	332,682	332,682
2012 Bank of Marin Loan	235,346	235,346	235,346	235,346
2017 Revenue Bonds ⁽¹⁾	-	-	2,369,505	2,446,600
2016 Treatment Plant Upgrade ⁽²⁾	-	-	-	-
2016 Miller Creek Maintenance	90,000	95,034	-	-
2017 Administration Building Expansion⁽²⁾	-	-	-	-
	<u>\$ 1,629,536</u>	<u>\$ 1,638,401</u>	<u>\$ 3,920,960</u>	<u>\$ 3,990,565</u>

(1) Includes treatment plant upgrade, recycled water treatment plant expansion and operations control center.

(2) Per Board action on May 25, 2017, the amounts collected for the treatment plant upgrade and operations control center projects prior to the bonds being issued will be reclassified as Reserves and are reflected in the Reserve Budget for all years presented.

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 RESERVE FUNDING BUDGET
REVISED DECEMBER 13, 2018**

Expenditure	2015-16 Total Actual	2016-17 Total Actual	2017-18 Adopted Budget	2018-19 Adopted Budget	2018-19 Revised Budget
Working Cash Flow	\$ 116,826	\$ 126,408	\$ 158,045	\$ 166,286	\$ 166,286
Rate Stabilization ⁽¹⁾	-	-	-	-	-
Emergency Repair ⁽²⁾	48,105	43,622	-	-	-
Capital Reserves					
Undesignated	103,082	111,536	139,451	\$ 146,722	\$ 146,722
Plant Upgrade and Recycled Water Treatment Plant Expansion Projects	1,558,720	2,591,715	301,210	224,115	224,115
Capacity Fund	-	-	-	-	300
Captains Cove	5,854	-	5,060	-	-
Marin Lagoon	5,421	6,263	9,695	-	-
MMWD Recycled Water Facility Buy in	-	333,563	-	-	-
MMWD Debt Reimbursement					
Bank of Marin	-	-	206,549	206,549	206,549
2017 Revenue Bonds	-	-	248,509	256,595	256,595
	<u>\$ 1,838,008</u>	<u>\$ 3,213,107</u>	<u>\$ 1,068,519</u>	<u>\$ 1,000,267</u>	<u>\$ 1,000,567</u>

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 CAPITAL OUTLAY BUDGET
REVISED DECEMBER 13, 2018**

Project Description		Funding Source							
		Total Project Cost FY 2019	Carryover from FY 2018	Bond Fund	Grants	Reserves	Capacity Fund	Current Year	
100 ADMINISTRATION									
19100	01 Phone System <i>Replace phone system.</i>	Project Total: \$ 20,000							\$ 20,000
19100	02 Roof Replacement <i>Roofs on Administration, Shop, Digester, and Headworks buildings are beyond their useful lives.</i>	Project Total: \$ 107,480							\$ 107,480
19100	03 HVAC System Replacement <i>HVAC systems in Administration Building need to be replaced.</i>	Project Total: \$ 70,000				\$ 35,000			\$ 35,000
Total		\$ 197,480	\$ -	\$ -	\$ -	\$ 35,000	\$ -	\$ -	\$ 162,480
200 COLLECTION SYSTEM									
11200	03 John Duckett Sewage Main Capacity and Storage <i>Phase 1 of 3 phases; Phase 1 will include the design of all 3 phases and deepening of the Duckett pump station, eliminating the visible Gallinas Creek crossing and a new Highway 101 crossing.</i>	Project Total: \$ 8,413,900	\$ 6,135,344						\$ 2,278,556
16200	01 Sewer Main Rehabilitation 2015-16 <i>Annual sewer system rehabilitation.</i>	Project Total: \$ -	\$ -						\$ -
17200	03 GIS Software Implementation <i>Upgrade existing software to improve functionality.</i>	Project Total: \$ 1,740	\$ 1,740						\$ -
18200	01 Sewer Main Rehabilitation <i>Annual sewer system rehabilitation.</i>	Project Total: \$ 8,580	\$ 8,580						\$ -
19200	01 Sewer Main Rehabilitation 2019 <i>Annual sewer system rehabilitation.</i>	Project Total: \$ 2,053,167	\$ 1,014,957						\$ 1,038,210
19200	02 Manhole/Rod hole Repair and Replacement <i>Roadwork, repair and replacement.</i>	Project Total: \$ 94,510	\$ 44,510						\$ 50,000
19200	03 Vactor <i>Replace equipment that is out of service.</i>	Project Total: \$ 325,000	\$ 119,895						\$ 205,105
19200	04 Collections System Master Plan <i>Prepare a master plan study for future needs assessment</i>	Project Total: \$ 200,000							\$ 200,000
Total		\$ 11,096,897	\$ 7,325,026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,771,871
300 PUMP STATIONS / FORCE MAINS									

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 CAPITAL OUTLAY BUDGET
REVISED DECEMBER 13, 2018**

Project Description			Funding Source						
			Total Project Cost FY 2019	Carryover from FY 2018	Bond Fund	Grants	Reserves	Capacity Fund	Current Year
12300	05 Rafael Meadows Pump Station <i>Design and install a stationary emergency generator, upgrade panel and seal leaking wet well.</i>	Project Total:	\$ -	\$ -					\$ -
14300	05 Force Main Repair/Replacement <i>Line force main line to plant as part of large plant project.</i>	Project Total:	\$ 1,838,145	\$ 1,575,158					\$ 262,987
18300	05 Hawthorne Pump Station Fencing <i>Replace fencing at station.</i>	Project Total:	\$ 75,000	\$ 75,000					
18300	06 Trash Pump 6" <i>Emergency bypass pumps and hoses.</i>	Project Total:	\$ 97,500	\$ 97,500					
18300	07 Trash Pump 8" <i>Emergency bypass pumps and hoses.</i>	Project Total:	\$ 105,000	\$ 105,000					
19300	01 Supervisory Control and Data Acquisition (SCADA) <i>Programming upgrades.</i>	Project Total:	\$ 27,099						\$ 27,099
19300	02 Pump Station Panel Upgrades and Replacements <i>Controls at panels have reached the end of their useful lives.</i>	Project Total:	\$ -	\$ -					\$ -
18350	01 Captains Cove Pump Station Upgrades <i>Upgrade alarm system for stations.</i>	Project Total:	\$ 29,765	\$ 29,765					\$ -
18360	01 Marin Lagoon Pump Station <i>Panel replacement, upgrades, and painting .</i>	Project Total:	\$ 193,115	\$ 151,420			\$ 41,695		\$ -
Total			\$ 2,365,624	\$ 2,033,843	\$ -	\$ -	\$ 41,695	\$ -	\$ 290,086
500 RECLAMATION									
11500	09 Miller Creek <i>Repair, maintain and modify.</i>	Project Total:	\$ 326,376	\$ 231,342					\$ 95,034
17500	05 McInnis Marsh Restoration <i>Financial participation with County of Marin.</i>	Project Total:	\$ 100,000	\$ 100,000					\$ -
18500	01 Levee Maintenance <i>Accumulate funding for periodic levee maintenance.</i>	Project Total:	\$ -	\$ -					\$ -
18500	02 North Bay Water Reuse Authority and North Bay Water <i>Continued participation in Phase 1 and new participation for drought contingency</i>	Project Total:	\$ 38,000						\$ 38,000

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 CAPITAL OUTLAY BUDGET
REVISED DECEMBER 13, 2018**

Project Description		Funding Source						
		Total Project Cost FY 2019	Carryover from FY 2018	Bond Fund	Grants	Reserves	Capacity Fund	Current Year
Total		\$ 464,376	\$ 331,342	\$ -	\$ -	\$ -	\$ -	\$ 133,034
600 TREATMENT PLANT								
12600	02 Plant Improvements 2018 <i>Grit System.</i>	\$ 840,000	\$ 427,052					\$ 412,948
12600	07 Secondary Plant Upgrades <i>Design and build future secondary plant capacity and treatment upgrades.</i>	\$ 8,616,010		\$ 8,616,010				\$ -
14600	04 Biogas Energy Recovery System <i>Design replacement for cogen digester gas and heating systems.</i>	\$ 247,498	\$ 222,498					\$ 25,000
19600	01 Supervisory Control and Data Acquisition <i>Continued panel and programming upgrades.</i>	\$ 27,099						\$ 27,099
19600	02 Miscellaneous Plant Equipment <i>Small equipment purchases.</i>	\$ 12,500						\$ 12,500
Total		\$ 9,743,107	\$ 649,550	\$ 8,616,010	\$ -	\$ -	\$ -	\$ 477,547
650 TERTIARY FACILITY								
16650	02 Recycled Water Facility Expansion <i>Design expanded facility.</i>	\$ 6,591,160		\$ 5,744,010	\$ 847,150			\$ -
18650	02 UV Piping Repair <i>Citric acid has damaged piping</i>	\$ 240,000	\$ 170,649			\$ 12,685		\$ 56,666
19650	01 Supervisory Control and Data Acquisition <i>Continue programming.</i>	\$ 27,099						\$ 27,099
Total		\$ 6,858,259	\$ 170,649	\$ 5,744,010	\$ 847,150	\$ 12,685	\$ -	\$ 83,765
Total Capital Project		\$ 30,725,743	\$ 10,510,410	\$ 14,360,020	\$ 847,150	\$ 89,380	\$ -	\$ 4,918,783



Consent _____
 Staff/Consultant Reports _____
 Agenda Item ___4F_____
 Date __December 13, 2018

Agenda Summary Report

To: Mike Prinz, General Manager MP
From: Michael P. Cortez, PE, District Engineer MC
Mtg. Date: December 13, 2018
Re: Amendment 6 to Nute Engineering Contract for Additional Design Services for Plant Improvements 2018

BACKGROUND:

In response to staff request, Nute Engineering has submitted a proposal in the amount of \$32,100 to provide the following limited-scope engineering services during construction of the Plant Improvements 2018 project:

- Review and respond to contractor’s submittals and RFIs.
- Assist with change order review and cost estimates.
- Assist with the preparation of project punch list and as-built drawings in AutoCAD format.
- Attend up to three (3) progress meetings and perform up to four as-needed site visits.

Other project contract administration requirements such as change order or progress payment processing, site coordination and field inspection, etc., will be performed by District staff.

Budget Summary (as of 11/2018):

1. Construction (Greggory Equipment, Inc.)	\$680,130
2. Equipment Pre-purchase (WSG)	\$43,709
3. Design (Nute Engineering)	\$79,877
4. Limited Scope Construction Services (Nute Engineering)	<u>\$32,100</u>
Total:	\$835,816

This amendment is within the adjusted budget for Plant Improvements 2018 shown in current Las Gallinas Valley Sanitary District 2018-2019 Budget.

STAFF RECOMMENDATION:

Information only; Amendment No. 6 is within the authority of the General Manager under the current LGVSD Purchasing Policy.

FISCAL IMPACT:

\$32,100

PERSON(S) TO BE NOTIFIED:

Nute Engineering
 Susan McGuire, Administrative Services Manager



Consent _____
Staff/Consultant Reports _____
Agenda Item _____ 4G _____
Date _December 13, 2018

Agenda Summary Report

To: Board President and Board Members
From: Mike Prinz, General Manager MP
Michael P. Cortez, PE, District Engineer MC
Mtg. Date: December 13, 2018
Re: Approve the Memorandum of Understanding between County of Marin and Las Gallinas Valley Sanitary District for the Development of Restoration Plans for McInnis Marsh

BACKGROUND:

On September 18, 2012, the District entered into the Memorandum of Agreement between the Marin County Flood Control and Water Conservation District and Las Gallinas Valley Sanitary District for the McInnis Marsh Habitat Restoration Project (Project) in development of a grant proposal providing for the feasibility planning, design, and modeling of the Project.

In 2015, the County reached out to District staff for contribution of \$100,000 towards the development of design, plans, and specifications and compliance with environmental regulations, including the California Environmental Quality Act and permits from regulatory agencies. The Memorandum of Understanding (MOU) between County of Marin and Las Gallinas Valley Sanitary District for the Development of Restoration Plans for McInnis Marsh has been reviewed by staff and legal counsel.

Attached is the MOU for Board review and approval.

STAFF RECOMMENDATION:

Board approve the Memorandum of Understanding between County of Marin and Las Gallinas Valley Sanitary District for the Development of Restoration Plans for McInnis Marsh.

FISCAL IMPACT:

\$100,000

PERSON(S) TO BE NOTIFIED:

James Raives, Marin County

**MEMORANDUM OF UNDERSTANDING
BETWEEN
COUNTY OF MARIN and LAS GALLINAS VALLEY SANITARY DISTRICT FOR
THE DEVELOPMENT OF RESTORATION PLANS FOR MCINNIS MARSH**

THIS MEMORANDUM OF UNDERSTANDING (MOU) is made and entered into this _____ day of _____, 2018, by and between the County of Marin (COUNTY), and Las Gallinas Valley Sanitary District (LGVSD), collectively the “PARTIES” to this MOU.

RECITALS

WHEREAS, COUNTY, through Marin County Parks, owns and operates the property known as “John F. McInnis Park” (McInnis Park) in San Rafael; and the property includes a 180-acre area of diked historic tidelands, commonly known as “McInnis Marsh”; and

WHEREAS, the COUNTY operates McInnis Park to serve recreational needs for the people Marin County; and

WHEREAS, McInnis Park also includes 180 acres of historic tidelands located between Miller Creek and Gallinas Creek, where levees constructed in the early 1900s isolate McInnis Marsh from San Pablo Bay and the adjacent creeks; and

WHEREAS, the levees surrounding McInnis Marsh are not likely to provide flood protection for existing park and LGVSD facilities considering predicted sea level rise; and

WHEREAS, the intertidal marshes along Gallinas Creek and San Pablo Bay adjacent to McInnis Marsh provide habitat for several species listed pursuant to the state and federal endangered species acts, including Ridgway’s rail (*Rallus obsoletus*), California black rail (*Laterallus jamaicensis* ssp. *coturniculus*), saltmarsh harvest mouse (*Reithrodontomys raviventris*), and steelhead trout (*Oncorhynchus mykiss*); and

WHEREAS, the McInnis Marsh levees support a segment of the San Francisco Bay Trail that connects to segments on LGVSD property.

WHEREAS, in partnership with the LGVSD, the COUNTY prepared a feasibility study for the restoration of wetland habitat at McInnis Marsh to benefit fish and wildlife habitat and to enhance flood protection; and

WHEREAS, The COUNTY has entered into a contract with Environmental Science Associates (ESA) to prepare designs, plans, and specifications for the restoration of wetland habitat at McInnis Marsh; and

WHEREAS, the LGVSD operates a wastewater treatment plant that serves over 30,000 people in communities north of central San Rafael; and

WHEREAS, the LGVSD treatment plant is potentially at risk for flooding should the levees along McInnis Marsh fail; and

WHEREAS, the LGVSD regularly dredges Miller Creek to reduce flooding and to support its discharge of treated wastewater; and

WHEREAS, the proposed restoration of McInnis Marsh has the potential to reduce the LGVSD's Miller Creek maintenance dredging needs; and

WHEREAS, the proposed restoration project is likely to require realignments to the San Francisco Bay Trail; and

WHEREAS, LGVSD desires to participate in the development of designs, plans, and specifications for the restoration of McInnis Marsh.

AGREEMENT

NOW, THEREFORE THE PARTIES AGREE THAT:

1. The PARTIES share mutual goals to:
 - a. To develop designs, plans, and specifications for the restoration of McInnis marsh;
 - b. To improve the habitat for common and special-status wildlife within McInnis Marsh;
 - c. To improve flood protection for existing LGVSD and COUNTY facilities; and
 - d. To enhance public access along the San Francisco Bay Trail.
2. The PARTIES agree to collaborate on the development of designs, plans, and specifications for the restoration of McInnis Park.
3. The COUNTY agrees to be the lead agency managing ESA's development of designs, plans, and specifications.
4. The COUNTY also agrees to coordinate and cooperate with the LGVSD in all aspects of the project including sharing draft documents for review and comment, including LGVSD in public and internal meetings on the project, and otherwise allow LGVSD to actively participate in the project.
5. The LGVSD agrees to contribute one hundred thousand dollars (\$100,000) towards the development of designs, plans, and specifications and compliance with environmental regulations, including the California Environmental Quality Act and permits from the San Francisco Bay Conservation and Development Commission, San Francisco Bay Regional Water Quality Control Board, U.S. Army Corps of Engineers, and California Department of Fish and Wildlife.
6. The LGVSD also agrees to participate in the project through the review and comment of draft documents and attendance at public and internal meetings where feasible.

7. The LGVSD also agrees to cooperate with the COUNTY on the design of a San Francisco Bay Trail connection between McInnis Park and the LGVSD treatment plant property.
8. The LGVSD also agrees to allow occasional access from time to time to McInnis Marsh from the LGVSD property for COUNTY staff, contractors, and subcontractors during the design process.
9. The County shall obtain LGVSD's prior written approval if any of LGVSD's facilities, equipment, and/or property (real or personal) will be affected by the restoration project of McInnis Marsh.

CONTACTS:

James Raives
 Senior Open Space Planner
 Marin County Parks
 3501 Civic Center Drive, Suite 260
 San Rafael, California 94903

 Las Gallinas Valley Sanitary District
 300 Smith Ranch Road
 San Rafael, California 94903

SIGNED

 Megan Clark, President
 Board of Directors
 Las Gallinas Valley Sanitary District

Date: _____

 Damon Connolly, President
 Board of Supervisors

Date: _____

Attest:

 Clerk of the Board

Approved as to form:
 DEPUTY COUNTY COUNSEL

By: _____

Date: _____



Consent _____
 Staff/Consultant Reports _____
 Agenda Item _____ 4H _____
 Date _December 13, 2018

Agenda Summary Report

To: Mike Prinz, General Manager MP
From: Michael P. Cortez, PE, District Engineer MC
Mtg. Date: December 13, 2018
Re: Approve General Manager Authority to Enter Into an Agreement with PG&E for Construction of Phase 1 Power Line Realignment Project

BACKGROUND:

PG&E is close to finalizing design and exact cost of Phase 1 of the proposed overhead power line realignment along the plant perimeter road as required by the Secondary Treatment Plant Upgrade and Recycled Water Expansion (STPU&RWE) project. Phase 1 involves partial realignment to provide safe working clearances during the installation of drilled piers (caissons) and other construction activities in the proposed aeration basin area tentatively scheduled early next year. It consists of the installation of 4 to 5 new power poles and the temporary undergrounding of a section to maintain power to the existing PG&E grid that provides power to the existing LGVSD electrical building and Helen Vine Detox Facility farther up Smith Ranch Rd. Phase 2 consists of completing the rest of overhead power realignment along the plant perimeter road to tie into the existing power pole near the plant main entrance gate, and is not a current construction constraint.

Time is of the essence. In order to enable PG&E schedule the construction work immediately upon completion of the final Phase 1 design, District staff requests the District Board to authorize the General Manager to enter into an agreement with PG&E for the construction of Phase 1 Power Line Realignment Project. PG&E has indicated that construction could start early next year and be completed by early March 2019 if a contract for the PG&E work is executed by mid-December 2018. Without this authorization, the agreement execution would be delayed until the next Board meeting in January, which would have a substantially adverse effect on the construction schedule and could trigger a delay claim from the STPU&RWE contractor, Myers & Sons Construction.

The estimated construction cost for the full realignment is \$500,000, with Phase 1 estimated at \$200,000. The contract amount will be adjusted accordingly upon receipt of a more detailed cost estimate from PG&E; however, the dollar value of this authorization shall not exceed \$200,000.

STAFF RECOMMENDATION:

Approve General Manager Authority to enter into an Agreement with PG&E for construction of Phase 1 Power Line Realignment Project.

FISCAL IMPACT:

Approximately \$200,000 for Phase 1.

PERSON(S) TO BE NOTIFIED:

PG&E
 AQUA Engineering and MWHC



Consent _____
Staff/Consultant Reports _____
Agenda Item ____41____
Date ____December 13, 2018

Agenda Summary Report

To: Mike Prinz, General Manager *MP*
From: Susan McGuire, Administrative Services Manager *SM*
Mtg. Date: December 13, 2018
Re: Authorization of Transfer of Funds for Local Agency Investment Fund Accounts

BACKGROUND:

The District invests excess operating cash and the proceeds from the 2017 Revenue Bonds in the State of California Local Agency Investment Fund (LAIF). This fund is managed by the California Controller's office and invests funds in compliance with the California Government Code.

The District transfers funds between its operating accounts at Bank of Marin and LAIF as needed to fund cash flow needs and requests reimbursement for capital project costs for the Secondary Treatment Plant Upgrade and Recycled Water Expansion. The District has to update the list of authorized individuals due to changes in staff and Board members.

Attached is the required form for Board approval.

STAFF RECOMMENDATION:

Board approve the Authorization for Transfer of Funds for the District's LAIF accounts.

FISCAL IMPACT:

None.

PERSON TO BE NOTIFIED:

Staff at LAIF.



**California State Treasurer's Office
Local Agency Investment Fund (LAIF)
Authorization for Transfer of Funds**

Effective Date
12/13/2018

Agency Name
Las Gallinas Valley Sanitary District

LAIF Account #

Agency's LAIF Resolution # 2015-2054 or Resolution Date November 12, 2015

ONLY the following individuals whose names appear in the table below are hereby authorized to order the deposit or withdrawal of funds in LAIF. **This authorization REPLACES AND SUPERSEDES all prior authorizations on file with LAIF for the transfer of funds.**

Name	Title
Mike Prinz	General Manager
Megan Clark	President, Board of Directors
Craig K. Murray	Vice President, Board of Directors
Rabi Elias	Director, Board of Directors
Judy Schriebman	Director, Board of Directors
Crystal Yezman	Director, Board of Directors

Two authorized signatures required. Each of the undersigned certifies that he/she is authorized to execute this form under the agency's resolution, and that the information contained herein is true and correct.

Signature
Mike Prinz

Print Name
General Manager

Title
415-472-1734

Telephone

Signature
Megan Clark

Print Name
President, Board of Directors

Title
415-472-1734

Telephone

Please provide email address to receive LAIF notifications.

Name	Email
Kristina Kempf	kkempf@lgsd.org

**Mail completed form to: State Treasurer's Office
Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001**

Agenda Item 4J
Date December 13, 2018

RESOLUTION NO. 2018-2142

**A RESOLUTION ACCEPTING THE
UV PIPING REPAIR
FOR**

LAS GALLINAS VALLEY SANITARY DISTRICT

WHEREAS, Gregory Equipment, Inc. of Redding, California, executed a contract on June 1, 2018 in the amount of \$158,743 to complete UV PIPING REPAIR project, Job No. 18650-02, scope defined in Contract Documents and Specifications dated April 2018 prepared by District staff, for District ownership and maintenance;

WHEREAS, the District has authorized additive change orders in the total amount of \$76,477.27, for a total final project cost of \$235,220.27; and

WHEREAS, Michael P. Cortez, District Engineer for the Las Gallinas Valley Sanitary District by a Notice of Completion dated December 13, 2018, a copy of which is attached hereto as Exhibit A, has acknowledged that the aforementioned improvements have been installed, tested by the District, and found to be acceptable to the District, for District ownership and maintenance.

NOW, THEREFORE, the Board of Directors of the Las Gallinas Valley Sanitary District herein approves the Notice of Acceptance of Completion for recordation with the Marin County Recorder.

* * * * *

I hereby certify that the forgoing is a full, true and correct copy of a resolution duly and regularly passed and adopted by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, at a meeting thereof held on December 13, 2018, by the following vote of the members thereof:

AYES, and in favor thereof, Members:

NOES, Members:

ABSTAIN, Members

ABSENT, Members:

APPROVED:

Megan Clark, Board President
Las Gallinas Valley Sanitary District

ATTEST:

(SEAL)

Teresa Lerch, District Secretary
Las Gallinas Valley Sanitary District

Recorded at the Request of:
Las Gallinas Valley Sanitary District

When Recorded Mail to:
Las Gallinas Valley Sanitary District
300 Smith Ranch Road
San Rafael, CA 94903

Space above this Line for Recorder's Use

NOTICE OF ACCEPTANCE OF COMPLETION

LAS GALLINAS VALLEY SANITARY DISTRICT
MARIN COUNTY, CALIFORNIA

UV PIPING REPAIR

NOTICE IS HEREBY GIVEN, Pursuant to Section 3093 of the Civil Code of the State of California, that Michael P. Cortez, District Engineer for the Las Gallinas Valley Sanitary District, Marin County, California, on the 13th day of December 2018, did file with the Secretary of said District a Statement of Completion of the following described work, the UV PIPING REPAIR project, Job No. 18650-02, the contract for doing which was awarded to Gregory Equipment, Inc. of Redding, California, and entered into on June 1, 2018. A copy of said Statement of Completion is attached hereto and incorporated by reference herein as Attachment 1.

That said work and improvements are public improvements owned and held by said District for the benefit of the public, and were actually completed on 28th day of August, 2018. Acceptance of completion of said work was ordered by the District Board on December 13, 2018 and the name of the surety on the contractor's Faithful Performance Bond and Payment Bond for said project is Travelers Casualty and Surety Company of America.

That said work and improvements consisted of the performing of all work and furnishing of all labor, materials, equipment and all utility and transportation services required for the installation of the UV PIPING REPAIR project, all as more particularly described in the plans and specifications approved by the Board of Directors of said District on April 26, 2018.

The site of the construction and improvements was in and around 300 Smith Ranch Road, San Rafael, CA 94903.

OWNER: Las Gallinas Valley Sanitary District
300 Smith Ranch Road
San Rafael, CA 94903

VERIFICATION

I, the undersigned, declare that I am the General Manager and duly authorized representative for the Las Gallinas Valley Sanitary District, Marin County, California, and that I have read the foregoing notice, know its contents, and that the facts therein stated are true to the best of my knowledge and belief.

(CONTINUED NEXT PAGE)

I certify (or declare) under penalty of perjury that the forgoing is true and correct.

Executed at San Rafael, California, this _____ day of December 2018.

LAS GALLINAS VALLEY SANITARY DISTRICT

Michael Prinz, General Manager



DISTRICT BOARD

Rabi Elias
Megan Clark
Russ Greenfield
Craig K. Murray
Judy Schriebman

DISTRICT ADMINISTRATION

Michael Prinz,
General Manager
Michael Cortez,
District Engineer
Mel Liebmann,
Plant Manager
Greg Pease,
Collection System/Safety Manager
Susan McGuire,
Administrative Services Manager

ATTACHMENT 1

STATEMENT OF COMPLETION

**UV PIPING REPAIR
(JOB NO. 18650-02)**

I, Michael P. Cortez, District Engineer, for the Las Gallinas Valley Sanitary District, Marin County, California, do hereby certify that work and improvements described in the contract, which was entered into by and between Las Gallinas Valley Sanitary District and Gregory Equipment, Inc. of Redding, California, dated June 1, 2018, was completed to my satisfaction on August 28, 2018.

That said work and improvements are more particularly described in the Contract Documents dated April 2018, prepared by District staff, approved by the Board of Directors of said District, and advertised for public bidding on April 26, 2018.

I understand that neither the determination of completeness of the work, nor acceptance of the work by the District, shall operate to bar claims against the Contractor under the terms of the guarantee provisions of the Contract Documents.

Dated: December 13, 2018

By:

Michael P. Cortez, PE
District Engineer



Consent _____
 Staff/Consultant Reports _____
 Agenda Item 5
 Date December 13, 2018

Agenda Summary Report

To: Mike Prinz, General Manager *MP*
From: Susan McGuire, Administrative Services Manager *SM*
Mtg. Date: December 13, 2018
Re: California Infrastructure and Economic Development Bank Infrastructure State Revolving Fund Program Loan Application

BACKGROUND:

The Board awarded the contract for the construction of the Secondary Treatment Plant Upgrade and Recycled Water Expansion (the Project) at its November 15, 2018 meeting. This Project is part of the District's 2015-2020 capital improvement plan that was adopted by the Board when setting the five year rate plan on June 11, 2015. The current treatment process cannot provide full secondary treatment when plant flows exceed 8 MGD, which occurs regularly during large storm events. At such times, the plant must "blend" fully treated and partially treated wastewater prior to disinfection and discharge. In response to ongoing pressure from the Regional Water Quality Control Board to eliminate the practice of blending, to meet increasingly stringent requirements on the quality of the effluent discharged to Miller Creek, and in recognition that the existing trickling filters are at the end of their useful life, the District is upgrading the secondary treatment process and expanding the Recycled Water Plant. Recycled water facility capacity will be increased from 1.4 MGD to 5.4 MGD with the expansion. With the expansion to 5.4 MGD, the District intends to utilize some of the recycled water for future District in-house projects. In addition, the Marin Municipal Water District (MMWD) presently operates a separate recycled water facility on the District's property that provides recycled water to MMWD, but is scheduled to be removed. The expansion allows the District to provide recycled water to future customer, MMWD and continue to supply recycled water to existing customer, North Marin Water District (NMWD).

The Project is expected to cost \$59,871,666. The District issued bonds for \$41M in April 2017 and has other cash dedicated for the project of \$9.2M. The District has funds earmarked for other projects that can be reallocated to the Project to bridge the gap; however, staff believes that is prudent to secure additional financing for the project. Staff evaluated several options for the financing and considered issuing another bond, obtaining a bank loan, and applying for a loan from the California Infrastructure and Economic Development Bank (IBank). After evaluating the long-term costs for the different options, staff in consultation with Tom Gaffney, the District's financial advisor, determined that pursuing the loan with the IBank was the most cost effective option. Staff also consulted with bond counsel, Sean Tierney of Hawkins Delafield & Wood regarding the need for an opinion of bond counsel related to any new borrowing in connection with the 2017 Revenue Bonds. Mr. Tierney stated that they could prepare the required opinion of counsel for approximately \$5,000, assuming there are not extraordinary circumstances.

Staff entered into preliminary discussions with IBank staff and provided requested financial and project information. IBank issued a formal invitation to apply on November 13, 2018 (Attachment 1). Based on discussion with IBank staff, the indicative interest rate ranges from 3% – 3.7% for a 25 year loan. The



annual debt service is projected to average approximately \$700,000 over the term of the loan (Attachment 2). Staff recommends that the District apply for a \$12M loan to fund the gap and provide for 10% construction cost contingency for the project.

As part of the loan application with IBank, the District is required to consider the requirements of California Government Code Section 63041 which are:

- (1) The Project is consistent with the Capital Improvement Plan of the Las Gallinas Valley Sanitary District.
- (2) The proposed financing is appropriate for the Project.
- (3) The Project facilitates effective and efficient use of existing and future public resources so as to promote both economic development and conservation of natural resources. The Project develops and enhances public infrastructure in a manner that will attract, create, and sustain long-term employment opportunities.
- (4) The Project is consistent with the criteria, priorities, and guidelines for the selection of projects adopted pursuant to California Government Code Section 63040.

Repayment of the debt can be made from the sewer user charge rate revenue by reallocating funds from the pay-go capital to debt service during upcoming fiscal years. In August 2022, the District will retire a debt with annual debt service, net of MMWD's cost participation, of \$136,356 and in December 2025, it will retire a debt with annual debt service of \$730,000. The Project is expected to be completed over 30 months or through mid-2021 and to require much of the efforts of staff to complete and temporarily slowdown the construction of significant capital projects during the first 24 months.

As part of the loan application submission, District staff has prepared several resolutions, which have been reviewed by legal counsel, for the Board to adopt to execute the financing application. . Resolution 2018-2147, which was prepared by IBank and is required as part of the loan application process, is somewhat duplicative of the other resolutions, however the District does not have enabling legislation or ordinances to provide the authority of the General Manager to submit financing application or for the issuance of debt. Past practice has been for the District to provide the required authority for these activities via specific resolution.

1. Resolution 2018-2143 - A Resolution Dedicating Revenue to the Payment of Any and All California Infrastructure and Economic Development Bank Revolving Fund Loan Program. This resolution dedicates revenues to pay the debt and authorizing the General Manager to execute the financing application.
2. Resolution 2018-2144 – A Resolution Confirming Compliance with the State of California Government Code Section 63041 for the Secondary Treatment Plant Upgrade and Recycled Water Expansion.
3. Resolution 2018-2145 – A Resolution Authorizing the General Manager to Execute the Loan Agreement and Other Related Documents with the California Infrastructure And Economic Development Bank Infrastructure State Revolving Fund Program. This resolution authorizes the General Manager to execute a loan agreement for up to \$12M in financing and any other documents required by the IBank to complete the loan process.
4. Resolution 2018-2146 – A Resolution Authorizing the Performance of Ongoing Requirements in Connection with a Financing Agreement with the California Infrastructure and Economic Development Bank Revolving Fund Loan Program. This resolution commits the District to maintain compliance with loan covenants and applicable state and federal statutory and regulatory requirements related to any financing.



5. Resolution 2018-2147 – A Resolution of The Las Gallinas Valley Sanitary District Authorizing the Submission of an Application To The California Infrastructure And Economic Development Bank (“IBank”) For Financing A Capital Improvement Project, Authorizing The Incurring Of An Obligation Payable To IBank For The Financing Of A Capital Improvement Project If IBank Approves Said Application, Declaration Of Official Intent To Reimburse Certain Expenditures From The Proceeds Of An Obligation, And Approving Certain Other Matters In Connection Therewith this resolution was prepared by the IBank and is required in submitting the application.

STAFF RECOMMENDATION:

Board approve the resolutions listed above authorizing the General Manager to submit the financial application and addendum to the California Infrastructure and Economic Development Bank Infrastructure State Revolving Fund Program for an amount not to exceed \$12,000,000; confirm that the project and financing application is in compliance with Government Code Sections 63040 and 63041; authorize the General Manager to execute any other documents required to effectuate the loan agreement with the California Infrastructure and Economic Development Bank Infrastructure State Revolving Fund Program; and authorizing the continued compliance with loan covenants, including setting rates sufficient to service the debt.

FISCAL IMPACT:

Opinion of bond counsel cost is estimated at \$5,000; ongoing debt service is estimated at \$700,000 per year for 25 years.

PERSON TO BE NOTIFIED:

Lina Benedict, IBank
Sean Tierney, Hawkins Delafield & Wood.

From: Benedict, Lina
Sent: Tuesday, November 13, 2018 8:47 AM
To: Susan McGuire
Cc:
Subject: Las Gallinas Valley Sanitary District - Secondary Treatment Plant Upgrade and Recycled Water Expansion Project

Dear Susan,

The California Infrastructure and Economic Development Bank (IBank) has completed its review of the audited financial statements and other materials you provided in connection with the financing requested by the Las Gallinas Valley Sanitary District for the Secondary Treatment Plant Upgrade and Recycled Water Expansion Project (the “Requested Financing”). IBank would like to extend to Las Gallinas Valley Sanitary District an invitation to apply for financing under IBank’s Infrastructure State Revolving Fund (ISRF) Program. IBank’s ISRF financing applications are available on IBank’s website: www.ibank.ca.gov. IBank will complete its review and underwriting of the Requested Financing generally within 90 days of receipt of the Las Gallinas Valley Sanitary District’s completed ISRF financing application.

If upon completion of IBank’s review of the completed application and its underwriting of the Requested Financing, IBank’s executive staff determine that the Requested Financing and the Las Gallinas Valley Sanitary District satisfy the requirements of IBank’s internal lending policies and underwriting standards, IBank staff will present the Requested Financing to IBank’s Board of Directors (the “IBank Board”). The period from IBank’s receipt of a complete

financing application to presentation to the IBank Board is typically three months. However, this period can be either longer or shorter depending on the particulars of the matter in question.

Please note that no agreement or commitment from IBank to provide financing exists until, at a minimum: (1) the IBank Board has approved the Requested Financing, and (2) Las Gallinas Valley Sanitary District and IBank have entered into financing documents satisfactory to IBank.

IBank looks forward to receipt of the completed financing application.

Sincerely,

Lina Benedict

Municipal Finance Specialist

CA Infrastructure & Economic Development Bank
(IBank)

1325 J Street, Suite 1300

Sacramento, CA 95814

916-341-6630

Applicant/Project Name	LGVSD
Loan Amount	\$12,000,000
Interest Rate	3.00%
Annual Fee	0.30%
Funding Date	5/1/2019
First Interest Only Pmt Date	
First Principal Pmt Date	8/1/2019
Loan Years	25
Amortization Period	25

Loan or Lease	Loan
Fiscal Year Ends	June 30

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending June 30
1-May-2019	\$12,000,000.00						
1-Aug-2019	\$11,670,865.55	\$329,134.45	\$90,000.00	\$419,134.45	\$36,000.00	\$455,134.45	
1-Feb-2020			\$175,062.98	\$175,062.98		\$175,062.98	\$630,197.44
1-Aug-2020	\$11,331,857.06	\$339,008.49	\$175,062.98	\$514,071.47	\$35,012.60	\$549,084.07	
1-Feb-2021			\$169,977.86	\$169,977.86		\$169,977.86	\$719,061.92
1-Aug-2021	\$10,982,678.32	\$349,178.74	\$169,977.86	\$519,156.60	\$33,995.57	\$553,152.17	
1-Feb-2022			\$164,740.17	\$164,740.17		\$164,740.17	\$717,892.34
1-Aug-2022	\$10,623,024.22	\$359,654.10	\$164,740.17	\$524,394.28	\$32,948.03	\$557,342.31	
1-Feb-2023			\$159,345.36	\$159,345.36		\$159,345.36	\$716,687.68
1-Aug-2023	\$10,252,580.49	\$370,443.73	\$159,345.36	\$529,789.09	\$31,869.07	\$561,658.16	
1-Feb-2024			\$153,788.71	\$153,788.71		\$153,788.71	\$715,446.87
1-Aug-2024	\$9,871,023.45	\$381,557.04	\$153,788.71	\$535,345.75	\$30,757.74	\$566,103.49	
1-Feb-2025			\$148,065.35	\$148,065.35		\$148,065.35	\$714,168.84
1-Aug-2025	\$9,478,019.71	\$393,003.75	\$148,065.35	\$541,069.10	\$29,613.07	\$570,682.17	
1-Feb-2026			\$142,170.30	\$142,170.30		\$142,170.30	\$712,852.47
1-Aug-2026	\$9,073,225.84	\$404,793.86	\$142,170.30	\$546,964.16	\$28,434.06	\$575,398.22	
1-Feb-2027			\$136,098.39	\$136,098.39		\$136,098.39	\$711,496.60
1-Aug-2027	\$8,656,288.17	\$416,937.68	\$136,098.39	\$553,036.06	\$27,219.68	\$580,255.74	
1-Feb-2028			\$129,844.32	\$129,844.32		\$129,844.32	\$710,100.06
1-Aug-2028	\$8,226,842.36	\$429,445.81	\$129,844.32	\$559,290.13	\$25,968.86	\$585,258.99	
1-Feb-2029			\$123,402.64	\$123,402.64		\$123,402.64	\$708,661.63
1-Aug-2029	\$7,784,513.18	\$442,329.18	\$123,402.64	\$565,731.82	\$24,680.53	\$590,412.34	
1-Feb-2030			\$116,767.70	\$116,767.70		\$116,767.70	\$707,180.04
1-Aug-2030	\$7,328,914.12	\$455,599.06	\$116,767.70	\$572,366.75	\$23,353.54	\$595,720.29	
1-Feb-2031			\$109,933.71	\$109,933.71		\$109,933.71	\$705,654.01
1-Aug-2031	\$6,859,647.09	\$469,267.03	\$109,933.71	\$579,200.74	\$21,986.74	\$601,187.48	
1-Feb-2032			\$102,894.71	\$102,894.71		\$102,894.71	\$704,082.19
1-Aug-2032	\$6,376,302.05	\$483,345.04	\$102,894.71	\$586,239.75	\$20,578.94	\$606,818.69	
1-Feb-2033			\$95,644.53	\$95,644.53		\$95,644.53	\$702,463.22
1-Aug-2033	\$5,878,456.66	\$497,845.39	\$95,644.53	\$593,489.92	\$19,128.91	\$612,618.83	
1-Feb-2034			\$88,176.85	\$88,176.85		\$88,176.85	\$700,795.68
1-Aug-2034	\$5,365,675.91	\$512,780.75	\$88,176.85	\$600,957.60	\$17,635.37	\$618,592.97	
1-Feb-2035			\$80,485.14	\$80,485.14		\$80,485.14	\$699,078.11
1-Aug-2035	\$4,837,511.73	\$528,164.18	\$80,485.14	\$608,649.31	\$16,097.03	\$624,746.34	
1-Feb-2036			\$72,562.68	\$72,562.68		\$72,562.68	\$697,309.02
1-Aug-2036	\$4,293,502.63	\$544,009.10	\$72,562.68	\$616,571.78	\$14,512.54	\$631,084.31	
1-Feb-2037			\$64,402.54	\$64,402.54		\$64,402.54	\$695,486.85
1-Aug-2037	\$3,733,173.26	\$560,329.37	\$64,402.54	\$624,731.91	\$12,880.51	\$637,612.42	
1-Feb-2038			\$55,997.60	\$55,997.60		\$55,997.60	\$693,610.02
1-Aug-2038	\$3,156,034.00	\$577,139.25	\$55,997.60	\$633,136.85	\$11,199.52	\$644,336.37	
1-Feb-2039			\$47,340.51	\$47,340.51		\$47,340.51	\$691,676.88
1-Aug-2039	\$2,561,580.57	\$594,453.43	\$47,340.51	\$641,793.94	\$9,468.10	\$651,262.04	
1-Feb-2040			\$38,423.71	\$38,423.71		\$38,423.71	\$689,685.75
1-Aug-2040	\$1,949,293.54	\$612,287.04	\$38,423.71	\$650,710.74	\$7,684.74	\$658,395.49	
1-Feb-2041			\$29,239.40	\$29,239.40		\$29,239.40	\$687,634.89
1-Aug-2041	\$1,318,637.89	\$630,655.65	\$29,239.40	\$659,895.05	\$5,847.88	\$665,742.93	
1-Feb-2042			\$19,779.57	\$19,779.57		\$19,779.57	\$685,522.50
1-Aug-2042	\$669,062.58	\$649,575.32	\$19,779.57	\$669,354.88	\$3,955.91	\$673,310.80	
1-Feb-2043			\$10,035.94	\$10,035.94		\$10,035.94	\$683,346.74
1-Aug-2043		\$669,062.58	\$10,035.94	\$679,098.51	\$2,007.19	\$681,105.70	
Total Payments:		\$12,000,000.00	\$4,958,361.31	\$16,958,361.31	\$522,836.13	\$17,481,197.44	\$17,481,197.44

RESOLUTION 2018-2143

A RESOLUTION DEDICATING REVENUE TO THE PAYMENT OF ANY AND ALL CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK REVOLVING FUND LOAN PROGRAM

LAS GALLINAS VALLEY SANITARY DISTRICT

BE IT RESOLVED by the Board of Directors of the Las Gallinas Valley Sanitary District that the General Manager is hereby authorized and directed to sign and file, for and on behalf of the Las Gallinas Valley Sanitary District, a Financing Application for a financing agreement from the California Infrastructure and Economic Development Bank under its Infrastructure State Revolving Fund Loan Program for the construction of the Secondary Treatment Plant Upgrade and Recycled Water Expansion; and

BE IT RESOLVED that the Las Gallinas Valley Sanitary District hereby agrees and further does authorize the aforementioned representative or his/her designee to certify that the District has and will comply with all applicable state and federal statutory and regulatory requirements related to any financing or financial assistance received from the California Infrastructure and Economic Development Bank; and

BE IT FURTHER RESOLVED, the Las Gallinas Valley Sanitary District hereby dedicates the following source of revenue: sewer user charge to payment of any and all Infrastructure State Revolving Fund financing for the Secondary Treatment Plant Upgrade and Recycled Water Expansion; This dedicated source of revenue shall remain in effect throughout the term of such financing unless modification or change of such dedication is approved in writing by the California Infrastructure and Economic Development Bank.

* * * * *

I hereby certify that the forgoing is a full, true and correct copy of a resolution duly and regularly passed and adopted by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, at a meeting thereof held on December 13, 2018, by the following vote of the members thereof:

AYES, and in favor thereof, Members:

NOES, Members:

ABSTAIN, Members

ABSENT, Members:

APPROVED:

Megan Clark, Board President
Las Gallinas Valley Sanitary District

ATTEST:

(SEAL)

Teresa Lerch, District Secretary
Las Gallinas Valley Sanitary District

RESOLUTION 2018-2144

**A RESOLUTION CONFIRMING COMPLIANCE WITH THE
STATE OF CALIFORNIA GOVERNMENT CODE SECTION 63041
FOR THESECONDARY TREATMENT PLANT UPGRADE AND
RECYCLED WATER EXPANSION**

LAS GALLINAS VALLEY SANITARY DISTRICT

WHEREAS the Board of Directors of the Las Gallinas Valley Sanitary District has authorized the General Manager to submit a Financing Application to the California Infrastructure and Economic Development Bank for its Secondary Treatment Plant Upgrade and Recycled Water Expansion (Project); and

WHEREAS, the Board of Directors has considered the requirements of the State of California Government Code Section 63041 including whether:

- (1) The Project is consistent with the Capital Improvement Plan of the Las Gallinas Valley Sanitary District.
- (2) The proposed financing is appropriate for the Project.
- (3) The Project facilitates effective and efficient use of existing and future public resources so as to promote both economic development and conservation of natural resources. The Project develops and enhances public infrastructure in a manner that will attract, create, and sustain long-term employment opportunities.
- (4) The Project is consistent with the criteria, priorities, and guidelines for the selection of projects adopted pursuant to California Government Code Section 63040.

THEREFORE, BE IT RESOLVED, the Board of Directors of the Las Gallinas Valley Sanitary District hereby affirms that is considered all of the requirements above and determined that the Project is in compliance with them.

* * * * *

I hereby certify that the forgoing is a full, true and correct copy of a resolution duly and regularly passed and adopted by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, at a meeting thereof held on December 13, 2018, by the following vote of the members thereof:

- AYES, and in favor thereof, Members:
- NOES, Members:
- ABSTAIN, Members
- ABSENT, Members:

APPROVED:

Megan Clark, Board President
Las Gallinas Valley Sanitary District

ATTEST:

(SEAL)

Teresa Lerch, District Secretary
Las Gallinas Valley Sanitary District

RESOLUTION 2018-2145

**A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO EXECUTE THE
LOAN AGREEMENT AND OTHER RELATED DOCUMENTS WITH THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK INFRASTRUCTURE
STATE REVOLVING FUND PROGRAM**

LAS GALLINAS VALLEY SANITARY DISTRICT

BE IT RESOLVED by the Board of Directors of the Las Gallinas Valley Sanitary District that the General Manager is hereby authorized and directed to sign and file, for and on behalf of the Las Gallinas Valley Sanitary District, a Financing Application for a financing agreement in an amount not to exceed \$12,000,000 from the California Infrastructure and Economic Development Bank under its Infrastructure State Revolving Fund Loan Program for the construction of the Secondary Treatment Plant Upgrade and Recycled Water Expansion; and

BE IT RESOLVED that the Las Gallinas Valley Sanitary District hereby agrees and further does authorize the aforementioned representative or his/her designee to certify that the District has and will comply with all applicable state and federal statutory and regulatory requirements related to any financing or financial assistance received from the California Infrastructure and Economic Development Bank; and

BE IT FURTHER RESOLVED, the Las Gallinas Valley Sanitary District hereby dedicates the following source of revenue: sewer user charge to payment of any and all Infrastructure State Revolving Fund financing for the Secondary Treatment Plant Upgrade and Recycled Water Expansion;. This dedicated source of revenue shall remain in effect throughout the term of such financing unless modification or change of such dedication is approved in writing by the California Infrastructure and Economic Development Bank.

* * * * *

I hereby certify that the forgoing is a full, true and correct copy of a resolution duly and regularly passed and adopted by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, at a meeting thereof held on December 13, 2018, by the following vote of the members thereof:

AYES, and in favor thereof, Members:

NOES, Members:

ABSTAIN, Members

ABSENT, Members:

APPROVED:

Megan Clark, Board President
Las Gallinas Valley Sanitary District

ATTEST:

(SEAL)

Teresa Lerch, District Secretary
Las Gallinas Valley Sanitary District

RESOLUTION 2018-2146

A RESOLUTION AUTHORIZING THE PERFORMANCE OF ONGOING REQUIREMENTS IN CONNECTION WITH A FINANCING AGREEMENT WITH THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK REVOLVING FUND LOAN PROGRAM

LAS GALLINAS VALLEY SANITARY DISTRICT

BE IT RESOLVED by the Board of Directors of the Las Gallinas Valley Sanitary District that the General Manager is hereby authorized and directed to sign and file, for and on behalf of the Las Gallinas Valley Sanitary District, a Financing Application for a financing agreement from the California Infrastructure and Economic Development Bank under its Infrastructure State Revolving Fund Loan Program for the construction of the Secondary Treatment Plant Upgrade and Recycled Water Expansion; and

BE IT RESOLVED that the Las Gallinas Valley Sanitary District hereby agrees and further does authorize the aforementioned representative or his/her designee to certify that the District has and will comply with all applicable state and federal statutory and regulatory requirements related to any financing or financial assistance received from the California Infrastructure and Economic Development Bank; and

BE IT FURTHER RESOLVED, the Las Gallinas Valley Sanitary District hereby directs the General Manager or his/her designee to take required steps to ensure the timely compliance with the covenants related to setting rates, maintaining minimum debt service coverage ratios and to provide annual financial audit reports and other reports as specified by the California in writing by the California Infrastructure and Economic Development Bank.

* * * * *

I hereby certify that the forgoing is a full, true and correct copy of a resolution duly and regularly passed and adopted by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, at a meeting thereof held on December 13, 2018, by the following vote of the members thereof:

- AYES, and in favor thereof, Members:
- NOES, Members:
- ABSTAIN, Members:
- ABSENT, Members:

APPROVED:

Megan Clark, Board President
Las Gallinas Valley Sanitary District

ATTEST:

(SEAL)

Teresa Lerch, District Secretary
Las Gallinas Valley Sanitary District

RESOLUTION NO. 2018-2147

A RESOLUTION OF THE LAS GALLINAS VALLEY SANITARY DISTRICT AUTHORIZING THE SUBMISSION OF AN APPLICATION TO THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK ("IBANK") FOR FINANCING A CAPITAL IMPROVEMENT PROJECT, AUTHORIZING THE INCURRING OF AN OBLIGATION PAYABLE TO IBANK FOR THE FINANCING OF A CAPITAL IMPROVEMENT PROJECT IF IBANK APPROVES SAID APPLICATION, DECLARATION OF OFFICIAL INTENT TO REIMBURSE CERTAIN EXPENDITURES FROM THE PROCEEDS OF AN OBLIGATION, AND APPROVING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH

LAS GALLINAS VALLEY SANITARY DISTRICT

WHEREAS, the California Infrastructure and Economic Development Bank ("IBank") administers a financing program to assist local governments with the financing of eligible projects in accordance with Section 63000 *et seq.* of the California Government Code (the "Act"); and

WHEREAS, IBank created the Infrastructure State Revolving Fund Program ("ISRF Program") pursuant to the provision of the Act; and

WHEREAS, IBank has instituted an application process for financing under its ISRF Program; and

WHEREAS, IBank's Criteria, Priorities and Guidelines for the Selection of Projects for Financing under the ISRF Program, dated February 23, 2016, and as may thereafter be amended from time to time (the "Criteria"), establishes requirements for the financing of projects under the ISRF Program; and

WHEREAS, the Las Gallinas Valley Sanitary District ("Applicant") desires to submit an application ("Financing Application") to IBank under the ISRF Program for financing and refinancing the costs of the Secondary Treatment Plant Upgrade and Recycled Water Expansion Project (the "Project") in an amount not to exceed \$12,000,000; and

WHEREAS, the Act and the Criteria require the Applicant to make, by resolution of its governing body, certain findings prior to a project being selected for financing by IBank; and

WHEREAS, the Applicant expects to incur or pay certain expenditures in connection with the Project from its sewer user charge revenues that are reimbursable with the proceeds of tax exempt bonds or other tax exempt securities under Federal Tax Law (defined below) prior to incurring indebtedness for the purpose of financing costs associated with the Project on a long-term basis (the "Reimbursement Expenditures"); and

WHEREAS, the Applicant reasonably expects that a financing arrangement ("Obligation") in an amount not expected to exceed \$12,000,000 will be entered into under and memorialized by one or more financing agreements and related documents (collectively, the "Financing Agreement") and that certain proceeds of such Obligation will be used to reimburse the Applicant for Reimbursement Expenditures incurred or paid prior to incurring the Obligation; and

WHEREAS, the Applicant acknowledges that IBank funds the ISRF Program, in part, with the proceeds of tax exempt bonds and, as such, has certain compliance obligations that may require it to have the Applicant enter into one or more new financing agreements to replace the Financing Agreement (collectively, the "Replacement Agreement") on terms and conditions substantially identical to the original Financing Agreement.

NOW, THEREFORE, be it resolved by the Board of Directors of the Las Gallinas Valley Sanitary District (the "Board") as follows:

Section 1. The Board hereby approves confirms, ratifies, and affirms all actions of the Applicant's representatives, employees and officers heretofore taken in connection with, or with respect to, submitting the Financing Application, and the consideration and approval of the Obligation and the Financing Agreement, if IBank approves the Financing Application and the Obligation, and in connection therewith the Board finds and certifies:

- a. The Project facilitates the effective and efficient use of existing and future public resources so as to promote both economic development and conservation of natural resources;
- b. The Project develops and enhances public infrastructure in a manner that will attract, create, and sustain long-term employment opportunities;
- c. That the Project is consistent with the General Plan of Marin County;
- d. The proposed financing is appropriate for the Project;
- e. The Project is consistent with the Criteria; and
- f. It has considered (i) the impact of the Project on California's land resources and the need to preserve such resources; (ii) whether the Project is economically or socially desirable; and (iii) whether the project is consistent with, and in furtherance of the State Environmental Goals and Policy Report (as defined in the Criteria).

Section 2. The Applicant hereby declares its official intent to use proceeds of the Obligation to reimburse itself for the Reimbursement Expenditures with the proceeds of tax exempt bonds or other tax exempt securities issued under the provisions of the Internal Revenue Code of 1986, as amended, and those Treasury Regulations implementing such provisions (collectively, "Federal Tax Law"). This declaration is made solely for purposes of establishing compliance with applicable requirements of Federal Tax Law and its date is controlling for purposes of reimbursement under Federal Tax Law. This declaration does not bind the Applicant to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 3. All of the Reimbursement Expenditures were made no earlier than 60 days prior to the date of this Resolution. The Applicant will allocate proceeds of the Obligation to pay Reimbursement Expenditures within eighteen (18) months of the later of the date the original expenditure was paid or the date the Project was placed in service or abandoned, but in no event more than three (3) years after the original expenditure was paid.

Section 4. The General Manager and his or her designee is hereby authorized and directed to act on behalf of the Applicant in all matters pertaining to the Financing Application, and if IBank approves the Financing Application and the Obligation, the execution of related financial documents, including but not limited to, the authority to: (i) pledge the revenues of the District and all legally available amounts in the District's funds and accounts on a parity basis with the Applicant's obligations in connection with any and all existing obligations of the Applicant secured by, and/or payable from, the revenues of the District and all legally available amounts in the District's funds and accounts, to the repayment of the Obligation, (ii) provide covenants relating to, among other things, maintaining the debt service coverage ratio required

by IBank, rates and charges to be pledged, and as to any other security or collateral securing the Obligation, and (iii) take any other action necessary or desirable to enable the Applicant to enter into the Financing Agreement and incur the Obligation.

Section 5. If the Financing Application and the Obligation is approved by IBank, the General Manager and his or her designee is authorized to negotiate, enter into and sign financing documents and any amendments thereto, including, but not limited to the Financing Agreement and the Replacement Agreement, with IBank for the purposes of financing the Obligation.

Section 6. This Resolution shall become effective immediately upon adoption.

* * * * *

I hereby certify that the forgoing is a full, true and correct copy of a resolution duly and regularly passed and adopted by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, at a regular meeting thereof held on December 13, 2018, by the following vote of the members thereof:

- AYES, and in favor thereof, Members:
- NOES, Members:
- ABSENT, Members:
- ABSTAIN, Members:

APPROVED:

Megan Clark, Board President

ATTEST:

Teresa L. Lerch, District Secretary
Las Gallinas Valley Sanitary District

(seal)

EMPLOYMENT AGREEMENT

Between Las Gallinas Valley Sanitary District

And

MIKE PRINZ (General Manager)

This EMPLOYMENT AGREEMENT (“Agreement”) is made and entered into by and between the Las Gallinas Valley Sanitary District, a special district, (“District or Employer”) and MIKE PRINZ, (“Employee”), and both of whom understand as follows:

RECITALS

WHEREAS, Employer desires to employ the services of MIKE PRINZ as General Manager of the Las Gallinas Valley Sanitary District; and

WHEREAS, it is the desire of the District Board, (“Board”) to provide certain benefits, to establish certain conditions of employment, and to set working conditions of said Employee; and

WHEREAS Employer and Employee now desire to set forth their agreement for employment of Employee on the terms and subject to the conditions set forth herein.

WHEREAS, both Employer and Employee have read this Agreement and understand its contents fully;

NOW, THEREFORE, in consideration of the foregoing and the provisions and promises hereinafter set forth, the parties agree as follows:

TERMS

Section 1: Duties

A. Employer hereby agrees to employ Mike Prinz as General Manager to perform the functions and duties specified in the job description, attached as Exhibit “A” and to perform other legally permissible and proper duties and functions as the General Manager. The start date for the employment of Employee is November 26, 2018 which is the actual first day of his performance of the duties of General Manager and his right to wages and benefits. Employer’s regular meeting schedule and certain provisions of the Government Code only allowed this written Agreement to be formally adopted on December 13, 2018.

B. The General Manager shall be in charge of and responsible for the operation and management of Employer and the general business and governmental affairs of Employer in accordance with the laws of the United States of America and the State of California governing special districts. The General Manager shall do and perform all services, acts, and functions necessary or advisable to manage and conduct the business and governmental affairs of Employer as determined by the Board of Directors.

C. Employee agrees that during the term of this Agreement, Employee shall devote Employee’s full energies, interests, abilities, and productive time to the performance of the duties and responsibilities as set forth in this Agreement and shall not conduct any business or render other services of any kind for compensation, or undertake other business, professional or commercial activity.

D. Employee shall perform all duties with due diligence and with the best interest of Employer in mind.

E. Due to the nature of his employment which requires close proximity to Employer's facilities, Employee agrees to maintain his permanent residence to a distance within a 45-minute automobile drive of the Employer's office during non-commute hours.

Section 2: Term

A. Employment pursuant to the terms of this Agreement is "at will". Specifically, Employee serves as General Manager at the pleasure of the Board of Directors, and as an at-will employee, can be terminated at any time, either with or without cause.

B. The term of this Agreement shall commence on November 26, 2018 and end on November 26, 2019, unless terminated earlier as provided herein.

C. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the Employer to terminate the services of Employee at any time, subject only to the provisions set forth in Section 7 of this Agreement.

D. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the Employee to resign at any time from his position with Employer, subject only to the provisions set forth in Section 7 of this Agreement.

Section 3: Salary

A. Employer agrees to compensate Employee the amount of \$16,666.67 per month effective the first pay period which includes the effective date of November 26, 2018.

B. Longevity Amounts

- i. Employee can receive a longevity step at the beginning of their 7th year of employment with the District. The longevity step shall be 5.0%.

- ii. Employees in the “management bargaining unit” are eligible to receive a longevity step equal to three percent of base salary (3%) at the completion of 10 years of continuous employment with the District. Employees in the “management bargaining unit” are eligible to receive an additional longevity step equal to two percent of base salary (2%) at the completion of 15 years of continuous employment with the District.

C. Prior to or within one month of his anniversary date, the Board of Directors shall review the performance of Employee and, upon satisfactory or greater than satisfactory performance will at its sole discretion, extend the term of this agreement and may increase Employee’s salary.

D. Further salary increases during the term of this Agreement shall be based on District Salary Surveys or, in part, on a performance review with the percentage salary increase determined solely by the Board of Directors (see Section 4, below) All future salary increases except for COLA increases are discretionary, determined in the sole discretion of the Board of Directors.

Section 4: Performance Evaluation

The Board of Directors shall at least annually review and evaluate the responsibilities, workload and performance of the Employee. Said review and evaluation shall be in accordance with specific criteria developed by Employer. The District and Employee may develop goals, objectives, and performance standards for Employee for the benefit of the District and in attainment of the District’s policy objectives, and may further establish a priority among those goals, objectives, and performance standards. Additionally, the District may periodically

establish goals and objectives regarding the Employee's performance of the duties of General Manager.

Section 5: Management Benefits

A. Employee shall be entitled any benefits specified for the Unrepresented Bargaining Group in the attached Exhibit "B". However, a specific description of certain of those benefits follows and the specific description below controls the rights and obligations of Employee and Employer for that specific benefit.

B. Employee shall be compensated \$300 monthly for a vehicle allowance.

C. Employee shall be entitled to 80 hours per year of Administrative leave. Accrued leave shall not accumulate beyond 80 hours.

D. Under the current defined benefit plan, pursuant to the Public Employees' Retirement Law (Government Code § 20000 et seq. ("PERL")), Employee is required to contribute 8% of the Employee's "compensation earnable and reportable" ("PER Sable compensation") toward the costs of said benefit plan.

E. Employee can choose either a District supplied smartphone or can be reimbursed the median for a 6 GB plan of the following wireless carriers (AT&T, Sprint and Verizon). Employees can be reimbursed for the phone purchases once every 3 years up to \$200. It is the sole responsibility of the employee to maintain their Employee owned phone. Employee shall be on call and maintain their phone in good working condition and in close proximity to respond to District emergencies as necessary. Should the Employee terminate their employment with the District within one year of receiving a reimbursement for a phone, the Employee shall reimburse the District 50% of the purchase cost.

Section 6: Professional Development

A. Employer agrees to budget for and to pay for publications and subscriptions for Employee necessary for his continuation and full participation in national, regional, state, and local associations and organizations necessary and desirable for his continued professional participation, growth, and advancement, and for the good of the Employer as determined solely by the Board.

B. Employer hereby agrees to budget for and to pay for reasonable travel and subsistence expenses of Employee for professional and office travel, meetings, and occasions necessary to continue the professional development of Employee as determined solely by the Board. Notwithstanding the foregoing, Employee shall be entitled to attend up to four CASA conferences, one Water Reuse or WESTCASS conference, and one WEF conference annually.

C. Employer also agrees to budget for and to pay for reasonable travel and subsistence expenses of Employee for short courses, institutes, conferences, and seminars that are necessary for his professional development and for the good of the Employer as determined solely by the Board.

D. Employee shall obtain the Board's prior approval for any expenses in this Section which are not in the approved budget.

E. Employer shall reimburse Employee up to \$5,000 annually for tuition and fees for any college credit courses Employee may attend related to his position as General Manager or in his efforts to obtain a college degree.

Section 7: Termination of Agreement and Severance Pay

- A. The Agreement may be terminated at any time by either party in writing.
- B. Both sides agree that it is preferable to provide thirty (30) days advance notice of termination, but such advance notice is not required.
- C. “At Will” Employment: The parties to this Agreement expressly acknowledge that Employee is “at will” and serves at the pleasure of the Board. Employee may be terminated by Employer at any time with or without cause, at the sole discretion of the Employer. Employee may terminate his employment at any time with or without reason.
- D. Notwithstanding anything else contained in the Agreement, the terms and provisions of this Agreement shall terminate automatically and immediately upon the death of Employee.
- E. In the event Employer wishes to terminate Employee without reference to cause, then Employee may be entitled to severance pay in a lump sum equal to four months of Employee’s current salary. The Employer shall only be obligated to pay this severance if the Employee agrees to execute a standard release agreement as prepared by the Employer that releases the Employer from any and all claims the Employee may have against the Employer. If the Employee refuses to sign this standard severance and release agreement, the Employee shall not be entitled to the severance pay. Notwithstanding any other provision in this Agreement, in accordance with Government Code § 53260, in the event this Agreement is terminated, the maximum cash settlement that Employee may receive shall be an amount equal to the monthly salary of Employee multiplied by the number of months left on the unexpired term of the Agreement. However, if the unexpired term of the contract is greater than 18 months, the

maximum cash settlement shall be an amount equal to the monthly salary of the employee multiplied by 18.

F. In the event Employee is terminated, the Employee shall be paid out for accrued but unused vacation, compensatory time and administrative leave. Accrued sick leave benefits shall be paid in accordance with District personnel policy.

G. If Employee resigns at the request of the Board of Directors, Employee shall be deemed terminated without cause and may be entitled to severance as set forth under Section 7.E.

Section 8: Indemnity

Employer and Employee recognize the broad legal obligation of an employer to defend, indemnify and hold harmless a public employee in connection with that public employee acting within the course and scope of their employment.

Employer will defend, indemnify and hold harmless Employee and pay all costs and fees incurred by him, whether as a party, witness, or otherwise, in connection with any actual or potential suit, claim, demand, investigation, or similar event arising within the course and scope of his employment. This obligation on the part of Employer will continue regardless of if or when the General Manager's employment with Employer terminates. This includes defense in any administrative proceedings or any criminal action involving the operation of Employer's plant and facilities. However, if the public entity pays any claim or judgment or portion thereof on behalf of Employee, the Employer may recover the amount of payment from Employee if Employer establishes that with regard to the act or omission upon which the claim or judgment is based, Employee acted or failed to act because of actual fraud, corruption, or actual malice or

that he willfully failed or refused to reasonably cooperate in good faith in the defense conducted by Employer.

Section 9: Notices

Notices pursuant to this agreement shall be given by deposit in the custody of the United States Postal Service, postage prepaid, addressed as follows:

Las Gallinas Valley Sanitary District
300 Smith Ranch Road
San Rafael, CA 94903

Mike Prinz
2036 Woodside Drive
Santa Rosa, CA 95404

Alternatively, notices required pursuant to the agreement may be personally served. Notice shall be deemed given as of the date of personal service or as of the date of deposit of such written notice in the course of transmission in the United States Postal Service.

Section 10: General Provisions

A. The text herein shall constitute the entire agreement between the parties and supersedes any and all other agreements, either oral or in writing between the Employer and the Employee and contains all of the covenants and agreements between the parties with respect to such employment in any manner whatsoever. Any prior agreements merge into this Agreement and specifically prior employment agreements merge into this agreement.

B. Each party to the Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and no other agreement, statement, or

promise not contained in the Agreement shall be valid or binding. Any modification of the Agreement will be effective only if it is in writing and signed by both the Board of Directors and the Employee.

C. This Agreement shall be binding upon and inure to the benefit of the heirs of Employee.

D. If any provision, or any portion, contained in this Agreement is held unconstitutional, invalid or unenforceable, the remainder of this Agreement, or portion, shall be deemed severable, shall not be affected, and shall remain in full force and effect.

E. This Agreement shall be interpreted under the laws of the State of California. Venue for any action shall be in the Superior Court for the County of Marin.

F. Employee understands that the Board may, from time to time, revise the District's policies. Employee understands that Employee is subject to those policies and procedures when they are not in conflict with the contents of this Agreement.

Employer and Employee approve and accept the terms and provisions of this Agreement and agree to be bound thereby.

THE PARTIES TO THIS AGREEMENT HAVE READ THE FOREGOING AGREEMENT AND FULLY UNDERSTAND EACH AND EVERY PROVISION CONTAINED HEREIN. WHEREFORE, THE PARTIES HAVE EXECUTED THIS AGREEMENT ON THE DATES SHOWN BELOW.

IN WITNESS WHEREOF, Las Gallinas Valley Sanitary District has caused this Agreement to be signed and executed on its behalf by its Board President, and duly attested by its District Secretary, and the Employee has signed and executed this Agreement the day and year first above written.

Board President
Las Gallinas Valley Sanitary District

Date: _____

Employee

Mike Prinz

Date: _____

ATTEST:

District Secretary
Las Gallinas Valley Sanitary District

Seal

APPROVED AS TO FORM:

David J. Byers, District Counsel for
Las Gallinas Valley Sanitary District



Consent _____
Staff/Consultant Reports _____
Agenda Item 6B
Date December 13, 2018

Agenda Summary Report

To: Mike Prinz, General Manager *MDP 12/16/18*
From: Chris DeGabriele
Mtg. Date: December 13, 2018
Re: Temporary Letter Employment Agreement with Chris DeGabriele

BACKGROUND:

In November of 2017 the Las Gallinas Sanitary District engaged Regional Government Services (RGS) to provide support in selecting an Interim General Manager.

On December 14, 2017 the Board appointed Chris DeGabriele to the position of Interim General Manager.

In June 2018, CPS HR Consulting was engaged to provide support in selecting a new full-time, regular General Manager. Mike Prinz was selected and began work on November 26, 2018.

Mike will need assistance, on a part-time basis to transition duties between the Interim General Manager and himself and learn the ropes at LGVSD.

Therefore staff is requesting the addition of one temporary, part-time position to facilitate the General Manager transition.

The employment agreement for this transition position has been reviewed by legal counsel and is attached.

STAFF RECOMMENDATION:

Approve the employment agreement with Chris DeGabriele to provide temporary, part-time transition support to the newly hired General Manager.

FISCAL IMPACT:

Up to \$12,960.

PERSON TO BE NOTIFIED:

Susan McGuire
CalPERS

CONSENT, WAIVER AND RELEASE FOR POST-RETIRMENT EMPLOYMENT

Dear: Chris DeGabriele:

You are offered temporary, part time employment with the Las Gallinas Valley Sanitary District to perform the following functions: to advise the newly hired General Manager on a range of current issues and projects associated with the Las Gallinas Valley Sanitary District's operation. Your employment shall begin on November 26, 2018 and end on March 29, 2019, or on the date that the work is deemed complete by the General Manager, whichever occurs first, and shall not exceed a total of 144 hours. Your hourly rate of pay is \$ 90.00 You are not entitled to any paid leave, health and welfare insurance, other fringe benefits, compensation in lieu of benefits, or any other type of compensation other than your base hourly rate. You are a temporary employee and may be terminated at-will at any time.

You may not exceed more than 960 hours of work in a fiscal year (July 1 to June 30) for all employers who participate in CalPERS. You are responsible for accurately documenting or entering all of your hours worked which must be submitted no later than the last day of the pay period. You may not volunteer any hours. If you work for any other CalPERS employer during your employment with the Las Gallinas Valley Sanitary District you must notify the General Manager of the Las Gallinas Valley Sanitary District immediately as this may end or prohibit your employment with the Las Gallinas Valley Sanitary District

By accepting this employment, you acknowledge that the law strictly limits the employment of a CalPERS retired annuitant by a CalPERS employer. Such employment is governed by Government Code sections 7522.56, 21221 and 21224, among other laws and regulations. A violation of these laws may result in your retroactive reinstatement to active membership from the first date of unlawful employment, a repayment to CalPERS of your retirement allowances received during the unlawful employment, retroactive member contributions, and administrative fees.

Before entering into employment with the Las Gallinas Valley Sanitary District you are advised to consult with your own legal counsel and/or CalPERS to ensure your employment will be in compliance with the law. The Las Gallinas Valley Sanitary District does not make any guarantees, warranties or promises that CalPERS will not find your employment to be unlawful.

Accordingly, by signing below, you waive, release and hold harmless the [the Las Gallinas Valley Sanitary District], its Board of Directors, employees, officers, elected officials, agents,

attorneys or representatives (“Releases”) against any claim, complaint, cause of action, lawsuit, grievance, or damages arising out of any adverse consequences, fines, restitution, or damages assessed against you by CalPERS, a court of competent jurisdiction, or other regulatory or administrative agency because of your post-retirement employment with the [the Las Gallinas Valley Sanitary District]. You acknowledge that the [the Las Gallinas Valley Sanitary District] has not induced you to believe that your employment is legally compliant with the law.

By signing below, you further attest that you have not received unemployment insurance benefits in the last 12 months arising out of post-retirement employment with a CalPERS employer. You also attest that it has been at least 180 days since the date on which you retired with CalPERS, or you are a public safety officer or firefighter who will be employed to perform law enforcement or firefighting activities

I have read the foregoing and understand and agree to the terms and conditions of my employment with the Las Gallinas Valley Sanitary District.

_____ Date _____

Signature
Chris DeGabriele

Print Name

Received by:

_____ Date _____

Mike Prinz, General Manager,
Las Gallinas Valley Sanitary District

EMPLOYMENT AGREEMENT

Between Las Gallinas Valley Sanitary District

And

ROBERT RUIZ (Administrative Services Manager)

This EMPLOYMENT AGREEMENT (“Agreement”) is made and entered into this ____ day of _____, 2018, by and between the Las Gallinas Valley Sanitary District, a special district, (“District or Employer”) and ROBERT RUIZ, (“Employee”) both of whom understand as follows:

WITNESSETH

WHEREAS, Employer desires to employ the services of ROBERT RUIZ as Administrative Services Manager of the Las Gallinas Valley Sanitary District; and

WHEREAS, it is the desire of the District Board, (“Board”) to provide certain benefits, to establish certain conditions of employment, and to set working conditions of said Employee; and

WHEREAS Employer and Employee now desire to set forth their agreement for employment of Employee on the terms and subject to the conditions set forth herein.

WHEREAS, both Employer and Employee have read this Agreement and understand its contents fully;

NOW, THEREFORE, in consideration of the foregoing and the provisions and promises hereinafter set forth, the parties agree as follows:

TERMS

Section 1: Duties

A. Employer hereby agrees to employ Robert Ruiz as Administrative Services Manager to perform the functions and duties specified in the job description, attached as Exhibit “A” and to perform other legally permissible and proper duties and functions as the Administrative Services Manager.

B. The Administrative Services Manager shall be in charge of and responsible for the operation and management of the Administrative Office and the general business and governmental affairs of Employer in accordance with the laws of the United States of America and the State of California governing special districts as directed by the General Manager and as outlined in the Administrative Services Manager job description. The Administrative Services Manager shall do and perform all services, acts, and functions necessary or advisable to manage and conduct the business and governmental affairs of Employer as determined by the General Manager.

C. Employee agrees that during the term of this Agreement, Employee shall devote Employee’s full energies, interests, abilities, and productive time to the performance of the duties and responsibilities as set forth in this Agreement and shall not conduct any business or render services of any kind for compensation, or undertake other business, professional or commercial activity..

D. Employee shall perform all duties with due diligence and with the best interest of Employer in mind.

E. Due to the nature of employment which requires close proximity to Employer's facilities, Employee agrees to maintain their permanent residence to a distance within a 45-minute automobile drive of the Employer's office during non-commute hours.

Section 2: Term

A. Employment pursuant to the terms of this Agreement is "at will". Specifically, Employee serves as Administrative Services Manager at the pleasure of the General Manager, and as an at-will employee, can be terminated at any time, either with or without cause.

B. The term of this Agreement shall commence on December 17, 2018 and end later on June 30, 2019, unless terminated before the expiration of the term in accordance with the provisions of this Agreement. In the event Employee continues employment with the District and the District has not completed contract negotiations with management employees by June 30, 2019, Employee's employment with the District shall still be covered by this Agreement.

C. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the General Manager to terminate the services of Employee at any time, subject only to the provisions set forth in Section 7 of this Agreement.

D. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the Employee to resign at any time from their position with Employer, subject only to the provisions set forth in Section 7 of this Agreement.

Section 3: Salary

A. Employer agrees to initially compensate Employee based on the appropriate salary step identified in the Administrative Services Manager Salary Schedule attached as Exhibit "B" plus any appropriate dual and triple certification and longevity amounts.

B. Employee can receive dual and triple certification pay upon satisfactory completion of additional education or certification at the discretion of the General Manager. Additional certification must be of operational and/or financial benefit to the District. If it is deemed at a later date to no longer benefit the District, it may be revoked by the General Manager.

C. Longevity Amounts

- i. Employee can receive a longevity step at the beginning of their 7th year of employment with the District. The longevity step shall be 5.0%.
- ii. Employees in the “management bargaining unit” are eligible to receive a longevity step equal to three percent of base salary (3%) at the completion of 10 years of continuous employment with the District. Employees in the “management bargaining unit” are eligible to receive an additional longevity step equal to two percent of base salary (2%) at the completion of 15 years of continuous employment with the District.

D. Prior to or within one month of his anniversary date, the General Manager shall review the performance of Employee and, at his or her sole discretion, may increase Employee’s salary in accordance with the Step Schedule described in Administrative Services Manager Salary Schedule.

E. Further salary increases during the term of this Agreement shall be based on District Salary Surveys or, in part, on a performance review with the percentage salary increase determined by the General Manager (see Section 4, below).

F. Effective the first pay day after the commencement of employment, the Employee's compensation will be \$12,247.56 per month as set forth in Exhibit "B", the pay scale as of July 1, 2018. The monthly compensation reflects the granting of Dual Certification Pay in accordance with Section 3, paragraph B and longevity pay in accordance with Section 3, paragraph C(i).

Section 4: Performance Evaluation

The General Manager shall review and evaluate the performance of the Employee at least once annually, beginning with their first anniversary date as Administrative Services Manager. Said review and evaluation shall be in accordance with specific criteria developed by Employer. The District and Employee may develop annual goals, objectives, and performance standards for Employee for the benefit of the District and in attainment of the District's policy objectives, and may further establish a priority among those goals, objectives, and performance standards. Additionally, the District may periodically establish goals and objectives regarding the Employee's performance of the duties of Administrative Services Manager.

Section 5: Management Benefits

A. Employee shall be entitled any benefits specified for the Unrepresented Bargaining Group in the attached Exhibit "C". However, a specific description of certain of those benefits follows and the specific description below controls the rights and obligations of Employee and Employer for that specific benefit.

B. Employee shall be compensated \$300 monthly for a vehicle allowance.

C. Employee shall be entitled to 80 hours per year of Administrative leave. Accrued leave shall not accumulate beyond 80 hours.

D. Under the current defined benefit plan, pursuant to the Public Employees' Retirement Law (Government Code § 20000 et seq. ("PERL")), Employee is required to contribute 8% of the Employee's "compensation earnable and reportable" ("PERSable compensation") toward the costs of said benefit plan.

E. Employee can choose either a District supplied smartphone or can be reimbursed the median for a 2 GB plan of the following wireless carriers (AT&T, Sprint and Verizon). Employee can be reimbursed for the phone purchases once every 3 years up to \$200. It is the sole responsibility of the Employee to maintain their Employee owned phone. Employee shall be on call and maintain their phone in good working condition and in close proximity to respond to District emergencies as necessary or directed by the General Manager. Should the Employee terminate their employment with the District within one year of receiving a reimbursement for a phone, the Employee shall reimburse the District 50% of the purchase cost.

Section 6: Professional Development

A. Employer agrees to budget for and to pay for publications and subscriptions for Employee necessary for their continuation and full participation in national, regional, state, and local associations and organizations necessary and desirable for their continued professional participation, growth, and advancement, and for the good of the Employer as determined solely by the General Manager.

B. Employer hereby agrees to budget for and to pay for reasonable travel and subsistence expenses of Employee for professional and office travel, meetings, and occasions necessary to continue the professional development of Employee as determined solely by the General Manager.

C. Employer also agrees to budget for and to pay for reasonable travel and subsistence expenses of Employee for short courses, institutes, conferences and seminars that are necessary for their professional development and for the good of the Employer as determined solely by the General Manager.

D. Employee shall obtain the General Manager's prior approval for any expenses in this Section which are not in the approved budget.

Section 7: Termination of Agreement and Severance Pay

A. The Agreement may be terminated at any time by either party in writing.

B. Both sides agree that it is preferable to provide thirty (30) days advance notice of termination, but such advance notice is not required.

C. "At Will" Employment: The parties to this Agreement expressly acknowledge that Employee is "at will" and serves at the pleasure of the General Manager. Employee may be terminated at any time with or without cause at the sole discretion of the District. The District recognizes the right of the Employee to terminate their employment at any time with or without reason.

D. Notwithstanding anything else contained in the Agreement, the terms and provisions of this Agreement shall terminate automatically and immediately upon the death or permanent disability of Employee.

E. In the event Employer wishes to terminate Employee without reference to cause, then Employee may be entitled to severance pay in a lump sum equal to three months of Employee's current salary. The District shall only be obligated to pay this severance if the Employee agrees to execute a standard release agreement as prepared by the District that releases the District from any and all claims the Employee may have against the District. If the Employee refuses to sign this standard severance and release agreement, the Employee shall not be entitled to the severance pay. Notwithstanding any other provision in this Agreement, in accordance with Government Code § 53260, in the event this Agreement is terminated, the maximum cash settlement that Employee may receive shall be an amount equal to the monthly salary of Employee multiplied by the number of months left on the unexpired term of the Agreement. However, if the unexpired term of the contract is greater than 18 months, the maximum cash settlement shall be an amount equal to the monthly salary of the employee multiplied by 18.

F. In the event Employee is terminated, the Employee shall be paid out for accrued but unused vacation, compensatory time and administrative leave. Accrued sick leave benefits shall be paid in accordance with District personnel policy.

G. If Employee resigns at the request of the General Manager, Employee shall be deemed terminated without cause and may be entitled to severance as set forth under Section 7.E.

Section 8: Notices

Notices pursuant to this agreement shall be given by deposit in the custody of the United States Postal Service, postage prepaid, addressed as follows:

Las Gallinas Valley Sanitary District
300 Smith Ranch Road
San Rafael, CA 94903

Robert Ruiz
XXXXXXXXXX
XXXXXXXXXX

Alternatively, notices required pursuant to the agreement may be personally served in the same manner as is applicable to civil judicial practice. Notice shall be deemed given as of the date of personal service or as of the date of deposit of such written notice in the course of transmission in the United States Postal Service.

Section 9: General Provisions

A. The text herein shall constitute the entire agreement between the parties and supersedes any and all other agreements, either oral or in writing between the District and the Employee and contains all of the covenants and agreements between the parties with respect to such employment in any manner whatsoever. Any prior agreements merge into this Agreement and specifically prior employment agreements merge into this agreement.

B. Each party to the Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and no other agreement, statement, or

promise not contained in the Agreement shall be valid or binding. Any modification of the Agreement will be effective only if it is in writing and signed by both the General Manager and the Employee.

C. This Agreement shall be binding upon and inure to the benefit of the heirs of Employee.

D. If any provision, or any portion, contained in this Agreement is held unconstitutional, invalid or unenforceable, the remainder of this Agreement, or portion, shall be deemed severable, shall not be affected, and shall remain in full force and effect.

E. This Agreement shall be interpreted under the laws of the State of California. Venue for any action shall be in the Superior Court for the County of Marin.

F. Employee understands that the Board may, from time to time, revise the District's policies. Employee understands that Employee is subject to those policies and procedures when they are not in conflict with the contents of this Agreement.

IN WITNESS WHEREOF, Las Gallinas Valley Sanitary District has caused this Agreement to be signed and executed on its behalf by its Board President, and duly attested by its District Secretary, and the Employee has signed and executed this Agreement the day and year first above written.

Date: _____

Board President
Las Gallinas Valley Sanitary District

Date: _____

Robert Ruiz

ATTEST:

Teresa Lerch
District Secretary Pro Tem

Seal

APPROVED AS TO FORM:

David J. Byers, Attorney for
Las Gallinas Valley Sanitary District

DRAFT

LAS GALLINAS VALLEY SANITARY DISTRICT

**November 2018
FLSA: EXEMPT**

ADMINISTRATIVE SERVICES MANAGER

DEFINITION

Under general direction of the General Manager, plans, organizes, coordinates, and manages administrative services functions including accounting, budget, human resources, risk management, procurement, records management, and administrative support; serves as the District's Chief Financial Officer; serves as a liaison and coordinates assigned activities with other District personnel and external agencies to ensure compliance with reporting requirements; provides responsible and complex administrative and operational assistance to the General Manager; and performs related work as required.

SUPERVISION RECEIVED AND EXERCISED

Receives general direction from the General Manager. Exercises direct supervision over assigned staff.

CLASS CHARACTERISTICS

This is a management classification responsible for planning, organizing, and managing administrative services staff, operations, and activities. The incumbent is responsible for performing diverse, specialized, and complex work involving significant accountability and decision-making responsibilities, which include developing and implementing policies and procedures for assigned programs, reporting, compliance, and program evaluation. Incumbents serve as a professional resource for organizational, managerial, and administrative analyses and studies. The incumbent is accountable for accomplishing administrative services goals and objectives, and for furthering District goals and objectives within general policy guidelines.

EXAMPLES OF TYPICAL FUNCTIONS (Illustrative Only)

The following functions are typical for this classification. Incumbents may not perform all of the listed functions and/or may be required to perform additional or different functions from those set forth below to address business needs and changing business practices.

- Assumes managerial responsibility for all administrative services functions, including accounting, budget, human resources, risk management, procurement, records management, and administrative support.
- Participates in the development and implementation of goals, objectives, policies, and priorities for the District; recommends, within District policy, appropriate service and staffing levels; recommends and administers policies and procedures while ensuring financial, regulatory, and legal requirements are met.

- Selects, trains, motivates, and directs assigned staff; evaluates and reviews work for acceptability and conformance with District standards; provides or coordinates staff training; works with employees to correct deficiencies; recommends discipline and termination procedures; responds to staff questions and concerns.
- Contributes to the overall quality of District services by continuously monitoring and evaluating the efficiency and effectiveness of service delivery methods and procedures; assesses and monitors distribution of work, support systems, and internal reporting relationships; identifies and recommends opportunities for improvements.
- Manages and participates in all activities related to the District's finance and accounting programs, including accounts payable, accounts receivable, payroll, year-end closing, bank reconciliation, and financial reporting; makes investments and monitors performance of revenues pursuant to Board policy.
- Develops and administers the District's annual budget; works with management to provide technical expertise on budget related matters and to ensure that the budget is completed in a timely manner; facilitates budget workshops.
- Prepares applications for and administers grant, loan, and bond financing for District Capital Improvement Programs.
- Prepares and analyzes a variety of financial statements; analyzes budget to actual trends; prepares periodic and special reports, including monthly, quarterly and annual financial reports, grant reports, and the Comprehensive Annual Financial Report (CAFR).
- Maintains, reconciles, and approves a variety of accounting records and transactions in accordance with generally accepted accounting principles and Government Accounting Standards Board requirements; supervises and participates in month-end, fiscal year-end, and calendar year-end reconciliation and closing processes.
- Coordinates the annual audit of financial statements; prepares supporting documents.
- Prepares financial components and schedules supporting Proposition 218 rate analyses.
- Calculates sewer service user charges and assists in calculating same via the property tax rolls; prepares invoices for direct bill customers; responds to questions from customers; researches and reconciles variances in bills.
- Administers human resources and risk management programs, including benefits administration, recruitment and selection, classification and compensation, training and development, employee relations, and liability insurances.
- Oversees procurement functions and activities; develops and manages requests for proposals for professional and/or contracted services including information technology support; evaluates proposals and recommends award; prepares and negotiates contracts; administers contracts to ensure compliance with District specifications, policies, and procedures and service quality.
- Manages Board support activities including legislative functions and records management; performs duties of District Secretary in absence of the District Administrative Assistant; regularly attends Board meetings.
- Provides highly complex staff assistance to the General Manager; develops and reviews staff, financial, and regulatory reports related to assigned activities and services; presents to the Board of Directors; performs a variety of public relations and outreach work related to assigned activities.

- Attends and participates in professional group meetings; stays abreast of new trends and innovations in the field of administrative services; monitors changes in regulations and technology that may affect District operations; implements policy and procedural changes after approval.
- Receives, investigates, and responds to difficult and sensitive problems and complaints in a professional manner; identifies and reports findings and takes necessary corrective action.
- Performs related duties as assigned.

QUALIFICATIONS

Knowledge of:

- Administrative principles and practices, including goal setting, program development, implementation, and evaluation, and supervision of staff, either directly or through subordinate levels of supervision.
- Principles, practices, and methods of governmental accounting, public finance administration and budgeting, auditing, and reconciliation.
- Principles, practices, and techniques of human resources and risk management program administration.
- Public agency budget development, contract administration, District-wide administrative practices, and general principles of risk management related to the functions of the assigned area.
- Principles and practices of employee supervision, including work planning, assignment review and evaluation, and the training of staff in work procedures.
- Organization and management practices as applied to the development, analysis, and evaluation of programs, policies, and operational needs of the assigned functional area.
- Applicable federal, state, and local laws, regulatory codes, ordinances, and procedures relevant to assigned area of responsibility.
- Practices of researching issues, evaluating alternatives, making sound recommendations, and preparing and presenting effective staff reports.
- Technical, legal, financial, and public relations problems associated with the management of administrative services projects and programs.
- Modern office practices, methods, and computer equipment and applications.
- English usage, grammar, spelling, vocabulary, and punctuation.
- Techniques for effectively representing the District in contacts with government agencies, community groups, and various business, professional, regulatory, and legislative organizations.
- Techniques for providing a high level of customer service by effectively dealing with the public, vendors, contractors, and District staff.

Ability to:

- Develop and implement goals, objectives, policies, procedures, and work standards.
- Administer complex and technical administrative services programs in an independent and cooperative manner.

- Plan, organize, assign, review, and evaluate the work of staff; train staff in work procedures.
- Apply relevant accounting standards to prepare monthly, quarterly, and annual budgets and financial reports.
- Evaluate and develop improvements in processes and procedures.
- Analyze, interpret, summarize, and present administrative and financial information and data in an effective manner.
- Interpret, apply, explain, and ensure compliance with federal, state, and local policies, procedures, laws, and regulations.
- Conduct complex research projects, evaluate alternatives, make sound recommendations, and prepare effective technical staff reports.
- Effectively represent the District in meetings with governmental agencies, community groups, various businesses, professional, and regulatory organizations, and in meetings with individuals.
- Research, analyze, and evaluate new service delivery methods, procedures, and techniques.
- Prepare clear and concise reports, correspondence, procedures, and other written materials.
- Oversee and coordinate the maintenance of District records and files.
- Organize and prioritize a variety of projects and multiple tasks in an effective and timely manner; organize own work, set priorities, and meet critical time deadlines.
- Effectively use computer systems, software, and modern business equipment to perform a variety of work tasks.
- Use English effectively to communicate in person, over the telephone, and in writing.
- Use tact, initiative, prudence, and independent judgment within general policy, procedural, and legal guidelines.
- Establish, maintain, and foster positive and effective working relationships with those contacted in the course of work.

Education and Experience

Any combination of training and experience that would provide the required knowledge, skills, and abilities is qualifying. A typical way to obtain the required qualifications would be:

Equivalent to graduation from an accredited four-year college or university with major coursework in business management, accounting, public administration, or a closely related field, and five (5) years of increasingly responsible experience managing and/or supervising accounting and/or administrative services functions.

Licenses and Certifications:

- Possession of a valid California Driver's License by time of appointment and satisfactory driving record consistent with requirements established by the District.

PHYSICAL DEMANDS

Must possess mobility to work in a standard office setting and use standard office equipment, including a computer; to operate a motor vehicle to visit various District and meeting sites;

vision to read printed materials and a computer screen; and hearing and speech to communicate in person and over the telephone. This is primarily a sedentary office classification, although standing and walking between work areas may be required. Finger dexterity is needed to access, enter, and retrieve data using a computer keyboard or calculator and to operate standard office equipment. Positions in this classification occasionally bend, stoop, kneel, reach, push, and pull drawers open and closed to retrieve and file information. Employees must possess the ability to lift, carry, push, and pull materials and objects weighing up to 25 pounds.

ENVIRONMENTAL ELEMENTS

Employees work in an office environment with moderate noise levels, controlled temperature conditions, and no direct exposure to potentially hazardous physical substances.

OTHER REQUIREMENTS

Per California Government Code, Title 1, Division 4, Chapter 8, Section 3100, "all public employees are hereby declared to be disaster service workers subject to such disaster service activities as may be assigned to them by their superiors or by law."

Administrative Services Manager							
	COLA	COLA	COLA	COLA			
	3.15%	3.25%	3.25%	2.50%	July 1, 2018		
Steps	7/1/2015	7/1/2016	7/1/2017	7/1/2018	Bi-Weekly	Monthly	Annualized
Step 16	\$ 53.199	\$ 54.928	\$ 56.713	\$ 58.131	4,650.48	10,076.04	120,912.48
Step 17	\$ 55.859	\$ 57.674	\$ 59.548	\$ 61.037	4,882.96	10,579.75	126,956.96
Step 18	\$ 58.652	\$ 60.558	\$ 62.526	\$ 64.089	5,127.12	11,108.76	133,305.12
Step 19	\$ 61.585	\$ 63.587	\$ 65.654	\$ 67.295	5,383.60	11,664.47	139,973.60
Step 20	\$ 64.664	\$ 66.766	\$ 68.936	\$ 70.659	5,652.72	12,247.56	146,970.72
Step 21	\$ 67.897	\$ 70.104	\$ 72.382	\$ 74.192	5,935.36	12,859.95	154,319.36
Step 22	\$ 71.291	\$ 73.608	\$ 76.000	\$ 77.900	6,232.00	13,502.67	162,032.00
Step 23	\$ 74.856	\$ 77.289	\$ 79.801	\$ 81.796	6,543.68	14,177.97	170,135.68
Step 24	\$ 78.599	\$ 81.153	\$ 83.790	\$ 85.885	6,870.80	14,886.73	178,640.80
Step 25	\$ 82.529	\$ 85.211	\$ 87.980	\$ 90.180	7,214.40	15,631.20	187,574.40
ASM I - Longevity 3%	\$ 77.102	\$ 79.608	\$ 82.195	\$ 84.250	6,740.00	14,603.33	175,240.00
ASM I - Longevity 2%	\$ 78.644	\$ 81.200	\$ 83.839	\$ 85.935	6,874.80	14,895.40	178,744.80
ASM II - Longevity 3%	\$ 85.005	\$ 87.767	\$ 90.619	\$ 92.884	7,430.72	16,099.89	193,198.72
ASM II - Longevity 2%	\$ 86.705	\$ 89.522	\$ 92.431	\$ 94.742	7,579.36	16,421.95	197,063.36

Administrative Services Manager I
 Administrative Services Manager II

Steps: 16-20
 Steps: 18-22

Las Gallinas Valley Sanitary District
 Summary of Benefit Provisions for the Unrepresented Bargaining Group
 July 1, 2014 to June 30, 2019

Exhibit C

In addition to the benefits specifically discussed in the attached contracts, the following benefits offered to the members of the OE3 bargaining unit will apply:

Benefits	Section (in MOU)	Summary	
Holidays	15.1	9 days per year	
Max Vacation Accrual	15.2	272 hours	
Vacation Time Awarded	15.2	Years 1-3	14 days
		Years 4 to 10	19 days
		Years 11 to 15	22 days
		Years 16+	24 days
		A one-time 5-day vacation bonus is given after 20 years of service	
Personal Days	15.3	Eliminated after July 1, 2014 hours awarded. Balance at that date allowed to be paid out or added to vacation time balance.	
Cell Phone	Per Contract	Based on needs of position up to \$120 per month	
Longevity Pay	Per Contract	After 6 years – 5% After 10 years – 3% After 15 years – 2%	
Medical Cafeteria Plan	17.1/17.2	PERS Health Plan	
LGVSD Contribution		Kaiser family rate	
EE Contribution		Excess monthly cost for plan over Kaiser plan	
Dental	17.3	Annual cap of \$2,000 per covered individual after applicable co-pay	
Vision	17.4	VSP	
LGVSD Contribution		50% of the cost - \$10.42 per month as of July 2017	
EE Contribution		50% of the cost - \$10.42 per month as of July 2017	
Life/AD&D Insurance	17.6	1 x Salary up to \$50,000	
Flexible Spending Account		Employee only salary deferrals up to statutory amounts.	
Long-term Disability	17.10	66.67% of monthly salary up to \$15,000 of salary	
Deferred Comp 457	18.1	Voluntary – EE pays	
CalPERS Retirement	18.1	Classic Employees – 2.7% at 55, highest year, EE pays 8% pretax PEPRA Employees – 2% at 62, final 3 years of compensation; EE pays 8% pre-tax; salary limit of \$121,388.	

Note: This summary is for administrative convenience only, if there is a discrepancy between the information in the table and contract, the contract will apply.

Las Gallinas Valley Sanitary District
 Summary of Benefit Provisions for the Unrepresented Bargaining Group
 July 1, 2014 to June 30, 2019

Exhibit C

Retiree Medical	18.2.2	<p>Hired pre-1/1/03: State one party rate employee only; 5 year vesting</p> <p>Hired post 1/1/03 and pre-7/1/2014: State 100/90 plan EE, EE + sp, EE + dependents; 10 years PERS service 50% vested, 20 years PERS service 100% vested, 5 years with LGVSD</p>
	18.3	<p>Hired after 7/1/2014: 10 years of District service, 50% vested, 100% vested at 20 years of District service. Employee only coverage based on the One Party State Rate.</p>
Boot Allowance	19	<p>Annual</p> <p>2014 \$270</p>
Prescription Safety Glasses	19	<p>Every two years</p> <p>2014 \$305</p>

Note: Employees of the Unrepresented Bargaining Group do not have rights under the MOU as they pertain to discipline, discharge or employment status. Reference to the MOU sections in this document in terms of defining benefits offered to this group is for convenience only.

S:\PERSONNEL\Benefit Summary\Unrepresented Benefit summary updated 03 30 18 GM.docx

Note: This summary is for administrative convenience only, if there is a discrepancy between the information in the table and contract, the contract will apply.

RESOLUTION NO. 2018-2148

**A RESOLUTION ADOPTING THE PAY SCALES EFFECTIVE NOVEMBER 26, 2018
PURSUANT TO THE CALIFORNIA CODE OF REGULATIONS, SUBCHAPTER 1,
EMPLOYEES' RETIREMENT SYSTEM REGULATIONS SECTION 570.5**

LAS GALLINAS VALLEY SANITARY DISTRICT

WHEREAS, the Las Gallinas Valley Sanitary District has contracted with CalPERS to provide certain retirement benefits to its employees; and

WHEREAS, the governance of retirement benefits provided to public employees in the state of California is governed by California Government Code Title 2, Division 5, Part 3 Public Employees' Retirement System; and

WHEREAS, the Board of Administration of the Public Employees' Retirement System has promulgated regulations to implement requirements of the governing law; and

WHEREAS, the California Code of Regulations, Subchapter 1, Employees' Retirement System Regulations section 570.5 (2 CCR § 570.5) states that

“(a) For purposes of determining the amount of “compensation earnable” pursuant to Government Code Sections 20630, 20636, and 20636.1, payrate shall be limited to the amount listed on a pay schedule that meets all of the following requirements:

- (1) Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meeting laws;
- (2) Identifies the position title for every employee position;
- (3) Shows the payrate for each identified position, which may be stated as a single amount or as multiple amounts within a range;
- (4) Indicates the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually;
- (5) Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
- (6) Indicates an effective date and date of any revisions;
- (7) Is retained by the employer and available for public inspection for not less than five years; and
- (8) Does not reference another document in lieu of disclosing the payrate”.

THEREFORE, BE IT RESOLVED that the Board of Directors of the Las Gallinas Valley Sanitary District does hereby adopt the Pay Scales Effective November 26, 2018, which is attached as Exhibit A and is included by reference, in accordance with the requirements of the California Code of Regulations, Subchapter 1, Employees' Retirement System Regulations section 570.5 (2 CCR § 570.5).

* * * * *

I hereby certify that the forgoing is a full, true and correct copy of a resolution duly and regularly passed and adopted by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, at a regular meeting thereof held on December 13, 2018, by the following vote of the members thereof:

- AYES, and in favor thereof, Members:
- NOES, Members:
- ABSENT, Members:
- ABSTAIN, Members:

APPROVED:

Megan Clark, Board President

ATTEST:

Teresa L. Lerch, District Secretary
Las Gallinas Valley Sanitary District

(seal)



**Las Gallinas Valley Sanitary District
Pay Scales as of November 26, 2018**

Monthly Salary Range

Full Time Positions	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Longevity 3%	Longevity 2%
Administrative Financial Specialist I	\$ 5,629.69	\$ 5,911.19	\$ 6,206.89	\$ 6,517.33	\$ 6,842.85	\$ 7,185.36	\$ 7,544.85	\$ 7,921.68	Not applicable	Not applicable
Administrative Financial Specialist II	\$ 6,517.33	\$ 6,842.85	\$ 7,185.36	\$ 7,544.85	\$ 7,921.68	\$ 8,317.75	\$ 8,733.75	\$ 9,170.55	Not applicable	Not applicable
Administrative Services Manager I	\$10,076.04	\$ 10,579.75	\$ 11,108.76	\$ 11,664.47	\$ 12,247.56	\$ 12,859.95	\$ 13,502.67	\$ 14,177.97	\$ 14,603.33	\$ 14,895.40
Administrative Services Manager II	\$11,108.76	\$ 11,664.47	\$ 12,247.56	\$ 12,859.95	\$ 13,502.67	\$ 14,177.97	\$ 14,886.73	\$ 15,631.20	\$ 16,099.89	\$ 16,421.95
Assistant Engineer	\$ 7,215.87	\$ 7,576.92	\$ 7,956.00	\$ 8,353.45	\$ 8,771.19	\$ 9,209.72	\$ 9,670.09	\$ 10,153.69	Not applicable	Not applicable
Associate Engineer	\$ 8,771.19	\$ 9,209.72	\$ 9,670.09	\$ 10,153.69	\$ 10,661.39	\$ 11,194.39	\$ 11,754.08	\$ 12,342.03	Not applicable	Not applicable
Building and Ground Maintenance Worker	\$ 4,417.40	\$ 4,638.05	\$ 4,869.97	\$ 5,113.33	\$ 5,368.83	\$ 5,637.32	\$ 5,919.68	\$ 6,215.56	Not applicable	Not applicable
Collection System/Safety Manager	\$ 9,570.43	\$ 10,048.65	\$ 10,550.97	\$ 11,078.77	\$ 11,632.75	\$ 12,214.45	\$ 12,825.28	\$ 13,466.44	\$ 13,870.31	\$ 14,147.81
District Administrative Assistant	\$ 5,629.69	\$ 5,911.19	\$ 6,206.89	\$ 6,517.33	\$ 6,842.85	\$ 7,185.36	\$ 7,544.85	\$ 7,921.68	Not applicable	Not applicable
District Engineer I	\$ 9,488.09	\$ 9,962.33	\$ 10,460.67	\$ 10,983.79	\$ 11,532.56	\$ 12,109.24	\$ 12,714.87	\$ 13,350.83	\$ 13,751.23	\$ 14,026.31
District Engineer II	\$12,109.24	\$ 12,714.87	\$ 13,350.83	\$ 14,018.16	\$ 14,719.12	\$ 15,455.09	\$ 16,227.64	\$ 17,039.19	\$ 17,550.35	\$ 17,901.35
Environmental Services Director	\$ 8,619.69	\$ 9,050.08	\$ 9,502.83	\$ 9,977.93	\$ 10,476.61	\$ 11,000.60	\$ 11,550.41	\$ 12,128.13	Not applicable	Not applicable
Environmental Specialist in Training	\$ 5,834.23	\$ 6,125.77	\$ 6,432.05	\$ 6,753.59	\$ 7,091.24	\$ 7,446.05	\$ 7,818.37	Not Applicable.	Not applicable	Not applicable
Environmental Specialist, Grade I	\$ 6,432.05	\$ 6,753.59	\$ 7,091.24	\$ 7,446.05	\$ 7,818.37	\$ 8,209.24	\$ 8,619.69	Not Applicable.	Not applicable	Not applicable
Environmental Specialist, Grade II	\$ 6,753.59	\$ 7,091.24	\$ 7,446.05	\$ 7,818.37	\$ 8,209.24	\$ 8,619.69	\$ 9,050.08	\$ 9,502.83	Not applicable	Not applicable
Environmental Specialist, Grade III	\$ 7,091.24	\$ 7,446.05	\$ 7,818.37	\$ 8,209.24	\$ 8,619.69	\$ 9,050.08	\$ 9,502.83	\$ 9,977.93	Not applicable	Not applicable
General Manager	By Contract \$16,666.67									
Leadsman Collection Line Worker	\$ 5,950.71	\$ 6,248.32	\$ 6,560.49	\$ 6,888.44	\$ 7,232.68	\$ 7,594.60	\$ 7,974.55	\$ 8,373.21	Not applicable	Not applicable
Line Maintenance Worker	\$ 4,895.63	\$ 5,140.55	\$ 5,397.60	\$ 5,667.31	\$ 5,950.71	\$ 6,248.32	\$ 6,560.49	Not Applicable.	Not applicable	Not applicable
Line Maintenance Worker, Grade I	\$ 5,140.55	\$ 5,397.60	\$ 5,667.31	\$ 5,950.71	\$ 6,248.32	\$ 6,560.49	\$ 6,888.44	Not Applicable.	Not applicable	Not applicable
Line Maintenance Worker, Grade II	\$ 5,397.60	\$ 5,667.31	\$ 5,950.71	\$ 6,248.32	\$ 6,560.49	\$ 6,888.44	\$ 7,232.68	\$ 7,594.60	Not applicable	Not applicable
Line Maintenance Worker, Grade III	\$ 5,667.31	\$ 5,950.71	\$ 6,248.32	\$ 6,560.49	\$ 6,888.44	\$ 7,232.68	\$ 7,594.60	\$ 7,974.55	Not applicable	Not applicable
Operator in Training	\$ 5,039.84	\$ 5,291.87	\$ 5,556.20	\$ 5,834.23	\$ 6,125.77	\$ 6,432.05	\$ 6,753.59	Not Applicable.	Not applicable	Not applicable
Operator, Grade I	\$ 5,556.20	\$ 5,834.23	\$ 6,125.77	\$ 6,432.05	\$ 6,753.59	\$ 7,091.24	\$ 7,446.05	Not Applicable.	Not applicable	Not applicable
Operator, Grade II	\$ 6,125.77	\$ 6,432.05	\$ 6,753.59	\$ 7,091.24	\$ 7,446.05	\$ 7,818.37	\$ 8,209.24	\$ 8,619.69	Not applicable	Not applicable
Operator, Grade III	\$ 6,753.59	\$ 7,091.24	\$ 7,446.05	\$ 7,818.37	\$ 8,209.24	\$ 8,619.69	\$ 9,050.08	\$ 9,502.83	Not applicable	Not applicable
Operator, Lead	\$ 7,091.24	\$ 7,446.05	\$ 7,818.37	\$ 8,209.24	\$ 8,619.69	\$ 9,050.08	\$ 9,502.83	\$ 9,977.93	Not applicable	Not applicable
Plant Manager I	\$ 9,645.31	\$ 10,127.35	\$ 10,633.48	\$ 11,165.09	\$ 11,723.40	\$ 12,309.44	\$ 12,924.77	\$ 13,570.96	\$ 13,977.95	\$ 14,257.53
Plant Manager II	\$10,633.48	\$ 11,165.09	\$ 11,723.40	\$ 12,309.44	\$ 12,924.77	\$ 13,570.96	\$ 14,249.73	\$ 14,961.79	\$ 15,410.55	\$ 15,718.91
Plant Operations and Maintenance Supervisor	\$ 9,050.08	\$ 9,502.83	\$ 9,977.93	\$ 10,476.61	\$ 11,000.60	\$ 11,550.41	\$ 12,128.13	\$ 12,734.45	Not applicable	Not applicable
Part Time Positions										
Special Advisor to the General Manager	Hourly rate of \$90.00									

How to Use this Pay Scale: Steps 1 through 5 are the regular levels for all positions.

In addition, except as identified above, the following also applies:

Dual certification may be available for an additional 5% of pay.

Triple certification may be available for an additional 5% of pay.

A longevity step may be available for an additional 5% of pay.

Additional 3% longevity step after 10 years continuous District service may be available for management positions.

Additional 2% longevity steps after 15 years continuous District service may be available for management positions.

Pay scale reflects General Manager rate per contract approved by the Board on December 13, 2018.

Board adopted: 12/13/2018

RESOLUTION NO. 2018-2149

**A RESOLUTION TO EXPRESS APPRECIATION FOR RUSSEL R. GREENFIELD'S
DEDICATED SERVICE TO**

LAS GALLINAS VALLEY SANITARY DISTRICT

RESOLVED, by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, as follows:

WHEREAS, Russell R. Greenfield was first elected to the Las Gallinas Valley Sanitary District Board of Directors in November 1997; and

WHEREAS, Russ has set and maintained high standards for himself as an elected Board Member and for other Board Members and staff to follow; and

WHEREAS, Russ had a successful career at the Ross Valley Sanitary District, encouraged and supported Las Gallinas Valley Sanitary District to make improvements to the District wastewater treatment and recycling operation, the administrative process and employee development; and

WHEREAS, Russ was active in the community serving on the Santa Venetia Neighborhood Association, Flood Control Zone #7 (Santa Venetia) Advisory Board and Gallinas Watershed Council; and

NOW THEREFORE IT IS HEREBY RESOLVED that on behalf of the Board of Directors, the District staff and the rate-paying residents, we thank you for your 21 years of professional dedication as Board Member of the District and wish you and your family the best in the future.

BE IT FURTHER RESOLVED that the Board of Directors and staff of Las Gallinas Valley Sanitary District extend their best wishes to Russell R. Greenfield for all his future endeavors and wish him many happy rewarding years filled with all the good things of life.

* * * * *

I hereby certify that the forgoing is a full, true and correct copy of a resolution duly and regularly passed and adopted by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, at a meeting thereof held on December 13, 2018, by the following vote of the members thereof:

AYES, and in favor thereof, Members:

NOES, Members:

ABSTAIN, Members

ABSENT, Members:

APPROVED:

Megan Clark, Board President
Las Gallinas Valley Sanitary District

ATTEST:

(SEAL)

Teresa Lerch, District Secretary
Las Gallinas Valley Sanitary District

RESOLUTION NO. 2018-2150

**A RESOLUTION TO EXPRESS APPRECIATION FOR CHRIS DEGABRIELE'S
DEDICATED SERVICE TO**

LAS GALLINAS VALLEY SANITARY DISTRICT

RESOLVED, by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, as follows:

WHEREAS, Chris DeGabriele joined the District in December 2017 as the Interim General Manager during a time of transition for the Board and staff; and

WHEREAS, Chris set and maintained high standards for himself as a leader in the community and through his actions encouraged others; and

WHEREAS, Chris worked diligently to build staff morale and establish trust through open communication and leadership development; and

WHEREAS, Chris guided the District Board and staff through the process of evaluating the Secondary Treatment Plant Upgrade and Recycled Water Expansion project design and bidding and award process.

NOW THEREFORE IT IS HEREBY RESOLVED that on behalf of the Board of Directors, the District staff and the rate-paying residents, we thank you for your service and professional dedication as the Interim General Manager for the District and wish you and your family the best in the future.

BE IT FURTHER RESOLVED that the Board of Directors and staff of Las Gallinas Valley Sanitary District extend their best wishes to Chris DeGabriele for all his future endeavors and wish him many happy rewarding years filled with all the good things of life including skiing, playing with grandchildren, and enjoying lasagna and sweets.

* * * * *

I hereby certify that the forgoing is a full, true and correct copy of a resolution duly and regularly passed and adopted by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, at a meeting thereof held on December 13, 2018, by the following vote of the members thereof:

AYES, and in favor thereof, Members:

NOES, Members:

ABSTAIN, Members

ABSENT, Members:

APPROVED:

Megan Clark, Board President
Las Gallinas Valley Sanitary District

ATTEST:

(SEAL)

Teresa Lerch, District Secretary
Las Gallinas Valley Sanitary District

RESOLUTION NO. 2018-2151

**A RESOLUTION TO EXPRESS APPRECIATION FOR SUSAN MCGUIRE'S
DEDICATED SERVICE TO**

LAS GALLINAS VALLEY SANITARY DISTRICT

RESOLVED, by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, as follows:

WHEREAS, Susan McGuire was hired by the District on June 1, 2008 as an Administrative Services Manager II and

WHEREAS, Susan has proven herself to be a dedicated and reliable District employee and when needed, has sacrificed personal time to be available with short notice, work extended hours, and rapidly respond to emergencies; and

WHEREAS, Susan used her former experience as a Certified Public Accountant and business owner, to design and build accounting and administrative policies and procedures now used at the District; and

WHEREAS, Susan obtained certification as a Senior Professional in Human Resources to aid the District in advancing Human Resources for the benefit of all LGVSD employees; and

WHEREAS, Susan worked diligently to take the rudder and steer the LGVDS ship during tumultuous seas in 2017 and has earned the respect of all staff members as a valuable team member, and for always being a leader in the face of adversity; and

WHEREAS, Susan McGuire is retiring from the District to return to private practice, spend time with family and explore her passion for travel and many other outside interests.

NOW THEREFORE IT IS HEREBY RESOLVED that on behalf of the Board of Directors, the District staff and the rate-paying residents, we thank you for your professional dedication as Administrative Services Manager, loyal service and valuable contributions to Las Gallinas Valley Sanitary District and wish you the best in the future; and

BE IT FURTHER RESOLVED that the Board of Directors and staff of Las Gallinas Valley Sanitary District extend their best wishes to Susan McGuire for all her future endeavors and wish her many happy rewarding years filled with all the good things of life.

* * * * *

I hereby certify that the forgoing is a full, true and correct copy of a resolution duly and regularly passed and adopted by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, at a meeting thereof held on December 13, 2018, by the following vote of the members thereof:

AYES, and in favor thereof, Members:

NOES, Members:

ABSTAIN, Members

ABSENT, Members:

APPROVED:

Megan Clark, Board President
Las Gallinas Valley Sanitary District

ATTEST:

(SEAL)

Teresa Lerch, District Secretary
Las Gallinas Valley Sanitary District

12/13/2018

Interim General Manager Report

- Separate Item to be distributed at Board Meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation

**Las Gallinas Valley Sanitary District
Treasurer's Report - Operating and Investment Accounts
For the month of November 2018**

I. Account Summary: Bank and Investment Accounts

Accounts Summary	<u>November 30, 2018</u>	<u>October 31, 2018</u>	<u>Change from Previous Month</u>
Summary of Bank and Investment Accounts			
Bank of Marin			
Operating	\$ 259,951	\$ 193,250	\$ 66,701
Operating Sweep	20,653	272,739	(252,086)
Zero Balance	57,786	13,768	44,018
Liquid Savings	671,049	1,545,742	(874,693)
Private Sewer Lateral Rehab	170,512	197,037	(26,525)
Surcharge-Marin Lagoon	97,012	103,012	(6,000)
Surcharge-Captains Cove	19,900	22,493	(2,593)
Connection Fee	45,632	45,621	11
Capital Project Reserve Fund	2,376,949	2,376,822	127
Petty cash	800	810	(10)
Investment Accounts			
Debt Service Reserve-Recycled Water	588,058	588,058	-
Debt Service Reserve-SRF Loan	294,635	294,635	-
Local Agency Investment Fund	<u>18,483,638</u>	<u>18,483,638</u>	<u>-</u>
Cash and Investments	<u>\$ 23,086,575</u>	<u>\$ 24,137,625</u>	<u>\$ (1,051,050)</u>

II. Account Activity for Bank of Marin Accounts

Bank of Marin operating account activity is for paying regular operating expenses of the District. Funds are transferred from the Liquid Savings to the Operating account as needed.

Statement of Compliance:

The investments accounts are invested in compliance with the District's investment policy, adopted at the February 23, 2017 Board meeting and California Government Code Section 53600. In addition, the District does have the financial ability to meet its cash flow requirements for the next six months.

Prepared by: Susan McGuire
Susan McGuire, CPA Administrative Services Manager

Approved by: Mike Prinz
Mike Prinz, General Manager

**Las Gallinas Valley Sanitary District
Treasurer's Report - 2017 Revenue Bonds
For the month of November 2018**

I. Summary of Bond Accounts and Cumulative Activities Since Inception

Accounts Summary	Starting Balance 4/28/2017	Total Activities Since Inception	Ending Balance 11/30/2018
1 Bond Project Fund	\$41,000,000	\$ (500,438) ^(a)	\$ 40,499,562
2 Cost of Issuance Fund	193,121	(193,111)	10
3 Bond Payment Fund	-	301	301
Total	<u>\$41,193,121</u>	<u>\$ (693,248)</u>	<u>\$ 40,499,873</u>

(a) Funds drawn to reimburse project costs were transferred to the Capital Project Reserve Fund.

II. Accounts Details for the month ended November 30, 2018

1 Bond Project Fund		
Beginning Balance November 1, 2018		\$ 40,499,562
Interest income from Local Area Investment Fund (LAIF) estimated annual yield of 2.0%		-
Ending Project Fund Balance at November 30, 2018		<u>\$ 40,499,562</u>
2 Cost of Issuance Fund		
Beginning Balance November 1, 2018		\$ 10
Funds transferred to Bond Payment Fund for scheduled principal and interest payment		-
Interest income from US Bank estimated to be an annual yield of 2.0%		-
Ending Cost of Issuance Fund Balance at November 30, 2018		<u>\$ 10</u>
3 Bond Payment Fund		
Beginning Balance November 1, 2018		\$ 300
Funds transferred to pay the scheduled principal and interest payment due		-
Interest income from US Bank estimated to be a 2.0% for annual yield		1
Ending Bond Payment Fund Balance at November 30, 2018		<u>\$ 301</u>



Consent _____
Staff/Consultant Reports _____
Agenda Item _____ 7A3 _____
Date December 13, 2018

Agenda Summary Report

To: Mike Prinz, General Manager
From: Teresa Lerch, District Administrative Assistant
Mtg. Date: December 13, 2018
Re: January Board Meeting Schedule

BACKGROUND:

Each year, Board Members and staff attend the CASA Winter Conference. This year, the conference is being held from January 23-25, 2019 in Indian Wells, California. Due to the conflict with the January 24 Board Meeting, staff recommends canceling the January 24, 2019 Board meeting and scheduling a Special Board Meeting on Thursday, January 31, 2019.

Please note the General Manager is scheduled for Jury Duty on January 29, 2019 which may impact his attendance at the January 31st meeting.

STAFF RECOMMENDATION:

Board approve canceling the January 24, 2019 Board Meeting and schedule a Special Board Meeting on January 31, 2019.

FISCAL IMPACT:

None.

PERSON TO BE NOTIFIED:

Public Noticing as required by law.

12/13/2018 BOARD REPORTS

Agenda Item 7B1

Human Resources Subcommittee

- Separate Item to be distributed at Board Meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation

Agenda Item 7B2

LAFCO

- Separate Item to be distributed at Board Meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation

Agenda Item 7B3

Gallinas Watershed Council/Miller Creek Watershed Council

- Separate Item to be distributed at Board Meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentatio3

Agenda Item 7B4

JPA Local Task Force on Solid and Hazardous Waste

- Separate item to be distributed at Board meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation

Agenda Item 7B5

NBWA

- Separate item to be distributed at Board meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation

Agenda Item 7B6

NBWRA/North Bay Water

- Separate item to be distributed at Board meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation

Agenda Item 7B7

Engineering Subcommittee

- Separate Item to be distributed at Board Meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation

Agenda Item 7B8

Other Reports

- Separate Item to be distributed at Board Meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation



BOARD MEMBER MEETING ATTENDANCE REQUEST

Date: _____ Name: _____

I would like to attend the _____ Meeting
of _____

To be held on the _____ day of _____ from _____ a.m. / p.m. and
returning on _____ day of _____ from _____ a.m. / p.m.

Actual meeting date(s): _____

Purpose of Meeting: _____

Frequency of Meeting: _____

Estimated Costs of Travel (if applicable): _____

Please submit to the District Administrative Assistant, no later than 2:00 p.m. on the Friday prior to the Board Meeting.

For Office Use Only

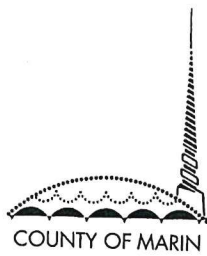
Request was Approved Not Approved at the Board Meeting held on _____.

12/13/2018

BOARD AGENDA ITEM REQUESTS

Agenda Item 8B

- Separate Item to be distributed at Board Meeting
- Separate Item to be distributed prior to Board Meeting
- Verbal Report
- Presentation



Agenda Item 9
Date December 13, 2018

BOARD OF SUPERVISORS

PRESIDENT
Damon Connolly
1ST DISTRICT

November 20, 2018

VICE PRESIDENT
Kathrin Sears
3RD DISTRICT

Ms. Teri Lerch
District Administrative Assistant/Secretary to the Board
Las Gallinas Valley Sanitary District
300 Smith Ranch Road
San Rafael, CA 94903

2ND VICE PRESIDENT
Katie Rice
2ND DISTRICT

Dear Ms. Lerch:

Dennis Rodoni
4TH DISTRICT

Enclosed please find a copy of Resolution No. 2018-125 adopted by the Marin County Board of Supervisors on November 13, 2018. This Resolution ratifies the modifications your agency made to your Conflict of Interest Code. A copy of this Resolution has also been provided to the County Clerk for filing.

Judy Arnold
5TH DISTRICT

Please call me if you have any questions (415-473-7355.)

Matthew H. Hymel
COUNTY ADMINISTRATOR
CLERK OF THE BOARD

Sincerely,

Diane Patterson
Assistant Clerk of the Board

Marin County Civic Center
3501 Civic Center Drive
Suite 329
San Rafael, CA 94903
415 473 7331 T
415 473 3645 F
415 473 6172 TTY
www.marincounty.org/bos

Enclosure

cc: Dan Miller, Marin County Elections Department



BOARD OF SUPERVISORS

November 13, 2018

PRESIDENT
Damon Connolly
1ST DISTRICT

Board of Supervisors
3501 Civic Center Drive
Room 329
San Rafael, CA 94903

VICE PRESIDENT
Kathrin Sears
3RD DISTRICT

2ND VICE PRESIDENT
Katie Rice
2ND DISTRICT

Dennis Rodoni
4TH DISTRICT

Judy Arnold
5TH DISTRICT

Matthew H. Hymel
COUNTY ADMINISTRATOR
CLERK OF THE BOARD

Marin County Civic Center
3501 Civic Center Drive
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SUBJECT: Resolution Ratifying Revisions to Local Agencies' Conflict of Interest Codes

RECOMMENDATION: Adopt Resolution.

SUMMARY: The Political Reform Act requires every local government agency to review its Conflict of Interest Code every two years. The Board of Supervisors is the Code reviewing body for agencies whose jurisdiction is solely within the County. Your Board is charged with ratifying the proposed changes to the Conflict of Interest Codes of these local agencies.

If amendments to an agency's conflict of interest code are necessary, the amended code must be forwarded to the code reviewing body for approval within 90 days. An agency's amended code is not effective until it has been approved by the code reviewing body. In response to the 2018 Biennial Notice, the Clerk of the Board recently received revised Conflict of Interest Codes for the following local agencies: Central Marin Sanitation Agency, Las Gallinas Valley Sanitary District, Novato Sanitary District, San Rafael Sanitation District, Sanitary District No. 2, Ross Valley Fire Department, Muir Beach Community Services District, Marin Municipal Water District, Bolinas Community Public Utility District, Belvedere-Tiburon Library Agency, and the Marin Healthcare District..

County Counsel has reviewed the language of the proposed resolution. However, they have not reviewed the revisions made by the local agencies. The legal counsel for the local agency is expected to provide any necessary review of the respective agency's Conflict of Interest Code.

FISCAL IMPACT: No fiscal impact.

REVIEWED BY: Auditor Controller N/A
 County Counsel N/A
 Human Resources N/A

Respectfully submitted,

Diane Patterson, MPA, CCB
Assistant Clerk to the Board

CA 21d

LIST OF AGENCIES WITH AMENDMENTS TO CONFLICT OF INTEREST CODE

EXHIBIT	AGENCY	AMENDMENTS SUBMITTED PURSUANT TO:
Exhibit 1	Central Marin Sanitation Agency	Agency Resolution No. 329
Exhibit 2	Las Gallinas Valley Sanitary District	Agency Resolution No. 2018-2137
Exhibit 3	Novato Sanitary District	Agency Resolution No. 3119
Exhibit 4	San Rafael Sanitation District	Agency Resolution No. 18-1179
Exhibit 5	Sanitary District No.2	Agency Resolution No. 50/2018
Exhibit 6	Ross Valley Fire Department	Agency Resolution No. 18-08
Exhibit 7	Muir Beach Community Services District	Agency Resolution No. 2018-07-25
Exhibit 8	Marin Municipal Water District	Agency Resolution No. 8510
Exhibit 9	Bolinas Community Public Utility District	Agency Resolution No. 572
Exhibit 10	Belvedere-Tiburon Library Agency	Agency Resolution No. 249-2018
Exhibit 11	Marin Healthcare District	Agency Revised Code adopted October 2018

RESOLUTION NO. 2018-2137

A RESOLUTION ADOPTING A CONFLICT OF INTEREST CODE FOR THE LAS GALLINAS VALLEY SANITARY DISTRICT

The Board of Directors of the Las Gallinas Valley Sanitary District ("LGVSD") does hereby find, resolve, and order as follows:

Section 1. The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies, including the Las Gallinas Valley Sanitary District, to adopt and promulgate conflict of interest codes.

Section 2. The Fair Political Practices Commission (the "FPPC") has adopted a regulation that contains the terms of a Model Conflict of Interest Code (the "Model Code"). The Model Code, codified at 2 California Code of Regulations Section 18730, can be incorporated by reference by the Authority as its conflict of interest code. After public notice and hearing, the FPPC may amend the Model Code to conform to amendments to the Political Reform Act.

Section 3. The Model Code, attached hereto as Exhibit "A," and any amendments to it duly adopted by the FPPC, are hereby incorporated into the conflict of interest code of this Authority by reference. This regulation and the attached Appendices designating officials and employees and establishing economic disclosure categories shall constitute the Conflict of Interest Code for the Las Gallinas Valley Sanitary District.

Section 4. All officials and employees required to submit a Statement of Economic Interests shall file their statements with the Executive Officer or his or her designee. For elected officials, the Executive Officer shall make and retain a copy of all statements filed and forward the originals of such statements to the Office of the County Clerk of Marin County. Designated employees (not elected officials) shall file their Statement of Economic Interests with LGVSD and the originals of such statements will be retained by LGVSD. All retained statements, original or copied, shall be available for public inspection and reproduction (Gov. Code Section 81008).

Section 5. The LGVSD has directed the District Counsel to coordinate the preparation of a revised Conflict of Interest Code in succeeding even-numbered years in accordance with the requirements of Government Code Sections 87306 and 87306.5. Changes have been made consistent with the modifications to the Model Code. These modifications are approved by passage of this Resolution. The changes will be sent to the Office of the County Clerk of Main County. When no revisions to the Code are required, the LGVSD shall submit a report to the

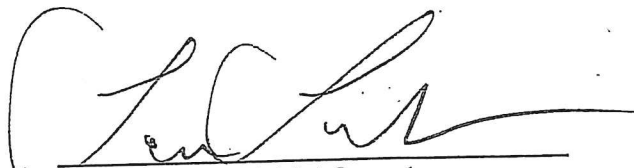
Office of the County Clerk of Marin County no later than October 1st of the same year, stating that amendments to the Code are not required.

Section 6. The District Secretary is directed to certify to the passage and adoption of this resolution.


* * * * *

I hereby certify that the forgoing is a full, true, and correct copy of a resolution duly and regularly passed and adopted by the Sanitary Board of the Las Gallinas Valley Sanitary District, Marin County, California, at a meeting thereof held on the 23rd day of August, 2018, by the following vote of the members thereof:

AYES, and in favor thereof Members: Clark, Elias, Greenfield, Murray, Schrieberman
NOES, Members: None.
ABSENT, Members: None.
ABSTAIN, Members: None.


Teresa Lerch, District Secretary

Approve:


Megan Clark, President of Board of Directors

(seal)



LAS GALLINAS VALLEY SANITARY DISTRICT
EXHIBIT "A"

FPPC MODEL CODE

18730. Provisions of Conflict of Interest Codes.

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Government Code section 87300 or the amendment of a conflict of interest code within the meaning of Government Code section 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Government Code sections 81000, et seq. The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Government Code section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (2 Cal. Code of Regs. sections 18100, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) Section 2. Designated Employees.

The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Government Code section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Government Code sections 87200, et seq.

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Government Code section 87200; and

(C) The filing officer is the same for both agencies.¹

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of economic interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those financial interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that the economic interests set forth in a designated employee's disclosure categories are the kinds of financial interests which he or she foreseeably can affect materially through the conduct of his or her office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.²

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

¹ Designated employees who are required to file statements of economic interests under any other agency's conflict of interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdiction, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Government Code section 81004.

² See Government Code section 81010 and 2 Cal. Code of reg. Section 18115 for the duties of filing officers and persons in agencies that make and retain copies of statements and forward the originals to the filing officer.

(C) Annual Statements. All designated employees shall file statements no later than April 1. If a person reports for military service as defined in the Servicemember's Civil Relief Act, the deadline for the annual statement of economic interests is 30 days following his or her return to office, provided the person, or someone authorized to represent the person's interests, notifies the filing officer in writing prior to the applicable filing deadline that he or she is subject to that federal statute and is unable to meet the applicable deadline, and provides the filing officer verification of his or her military status.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to Regulation 18754.

(D) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure.

When an investment or an interest in real property³ is required to be reported,⁴ the statement shall contain the following:

1. A statement of the nature of the investment or interest;
2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
3. The address or other precise location of the real property;
4. A statement whether the fair market value of the investment or interest in real property exceeds two thousand dollars (\$2,000), exceeds ten thousand dollars (\$10,000), exceeds one hundred thousand dollars (\$100,000), or exceeds one million dollars (\$1,000,000).

(B) Personal Income Disclosure. When personal income is required to be reported,⁵ the statement shall contain:

³ For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

⁴ Investments and interests in real property which have a fair market value of less than \$ 2,000.00 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the Aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

⁵ A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

1. The name and address of each source of income aggregating five hundred dollars (\$500) or more in value, or fifty dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source;

2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was one thousand dollars (\$1,000) or less, greater than one thousand dollars (\$1,000), greater than ten thousand dollars (\$10,000), or greater than one hundred thousand dollars (\$100,000);

3. A description of the consideration, if any, for which the income was received;

4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;

5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported,⁶ the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;

2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than ten thousand dollars (\$10,000).

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

⁶ Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

- (A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.
- (B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.
- (C) Subdivisions (a), (b), and (c) of Government Code Section 89501 shall apply to the prohibitions in this section.
- (D) This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code section 89506.

(8.1) Section 8.1. Prohibition on Receipt of Gifts in Excess of \$470.

- (A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$470 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests
- (B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.
- (C) Subdivisions (e), (f), and (g) of Government Code section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2. Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of his or

her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.

2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans from a person, which, in the aggregate, do not exceed five hundred dollars (\$500) at any given time.

4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan of five hundred dollars (\$500) or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.

2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.

2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:

a. The date the loan was made.

b. The date the last payment of one hundred dollars (\$100) or more was made on the loan.

c. The date upon which the debtor has made payments on the loan aggregating to less than two hundred fifty dollars (\$250) during the previous 12 months.

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.

2. A loan that would otherwise not be a gift as defined in this title.

3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.

4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.

5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth two thousand dollars (\$2,000) or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth two thousand dollars (\$2,000) or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating five hundred dollars (\$500) or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$470 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

(9.5) Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months

prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services or 18705.2(c) totaling in value one thousand dollars (\$1,000) or more.

(10) Section 10. Disclosure of Disqualifying Interest.

When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Government Code section 83114 and Regulations 18329 and 18329.5 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Government Code sections 81000-91015. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Government Code section 87100 or 87450 has occurred may be set aside as void pursuant to Government Code section 91003.

Note: Authority cited: Section 83112, Government Code. Reference: Sections 87103(e), 87300-87302, 89501, 89502 and 89503, Government Code.

LAS GALLINAS VALLEY SANITARY DISTRICT

APPENDIX "A"

CATEGORY 1

Persons in this category shall disclose all interests in real property located within the jurisdiction of the Las Gallinas Valley Sanitary District. Real property shall be deemed to be within the jurisdiction if the property or any part of it is located within, or not more than two miles outside of, the boundaries of the jurisdiction, or within two miles of any land owned or used by the District.

Persons are not required to disclose property used primarily as their principal residence or any other property that they utilize exclusively as their personal residences.

CATEGORY 2

Persons in this category shall disclose reportable income from persons or business entities that have a franchise or contract with the District or that provide, plan to provide or have provided within two years from the time a statement is required under this Conflict of Interest Code, franchise or contractual services, or other services, supplies, materials or equipment of the type utilized by the District.

CATEGORY 3

Persons in this category shall disclose reportable investments in business entities that have a franchise or contract with the District or that provide, plan to provide or have provided within two years from the time a statement is required under this Conflict of Interest Code, franchise or contractual services, or other services, supplies, materials or equipment of the type utilized by the District.

CATEGORY 4

Persons in this category shall disclose reportable business positions in business entities that have a franchise or contract with the District or that provide, plan to provide or have provided within two years from the time a statement is required under this Conflict of Interest Code, franchise or contractual services, or other services, supplies, materials or equipment of the type utilized by the District.

CATEGORY 5

For consultants who serve in a staff capacity with the District, the consultant shall disclose based on the disclosure categories assigned elsewhere in this code for that staff position. For consultants who do not serve in a staff capacity, the following disclosure categories shall be used:

Persons required to disclose in this category must disclose pursuant to subcategories A, B, and C below unless the Executive Officer determines in writing that a particular consultant is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in categories A, B, or C. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Officer's determination is a public record and must be retained for public inspection in the same manner and at the same location as the District's conflict of interest code.

- A. Reportable interests in real property in the jurisdiction as specified above in Category 1.
- B. Reportable personal and business entity income, as specified above in Category 2.
- C. Reportable investments, as specified above in Category 3.
- D. Reportable business positions, as specified above in Category 4.

LAS GALLINAS VALLEY SANITARY DISTRICT

APPENDIX "B"

<u>Designated Positions</u>	<u>Disclosure Categories</u>
Member of Board of Directors	1, 2, 3, 4
Member of Board of Directors (Alternate)	1, 2, 3, 4
General Manager	1, 2, 3, 4
Interim General Manager	1, 2, 3, 4
District Counsel	1, 2, 3, 4
Administrative Services Manager	1, 2, 3, 4
District Engineer	1, 2, 3, 4
Consultant	5

MMWD taps new general manager

THE COUNTY

By Will Houston

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The Marin Municipal Water District Board of Directors has selected Bennett Horenstein, a longtime Bay Area water and wastewater official, to become its new general manager.

Horenstein, who is now the director of the city water department in Santa Rosa, said Monday that after consulting with his family and based on the district's and its staff's reputation in the Bay Area and California, the opportunity was too good to pass up.

"It's a special opportunity to be entrusted with the leadership of this organization," Horenstein said Monday. "And my role is to support the staff of the district in meeting the policy directions of the board, to meet our mission and the expectations of the community. And I really look forward in taking that on."

The board is expected to finalize Horenstein's contract, which will provide him an annual salary of \$255,000, on Tuesday. The contract designates Horenstein as an at-will employee.

The decision comes after the district general manager Krishna Kumar announced his retirement earlier this year after six years in the position. Horenstein will begin his position on



Horenstein

Dec. 3, with Kumar staying on in an advisory role until his last day on Dec. 28.

"We're really excited to have a seasoned water professional with 30 years of experience coming in," said Emma Detwiler, communications specialist for the district. "It seems like his experience and expertise is a perfect fit for our needs here at the district."

Horenstein has worked for the Santa Rosa department since March 2017. Prior to that, he was appointed in 2013 to direct the East Bay Municipal Utility District's Wastewater Department, where he had worked for 22 years in various capacities. Prior to that he worked as a process engineer for the city of Los Angeles' Bureau of Sanitation.

Having directed the Santa Rosa department during last year's fire siege and based on past experience, Horenstein said it may be the most important role he has coming into this new position to

ensure the district is well prepared for any natural disaster emergency — be it seismic, fire or floods — through both response and building resiliency.

“From what I’ve seen, it does feel to me that the district has done some great work in terms of preparation and is on the right track,” he said. “It’s a bit premature for me to identify specific areas of opportunities, but there are always some. These are very big, complex issues. I hope and I believe that the experience I went through — that was very tough, but very educational — will benefit the district and the community of Marin.”

Beginning his position about seven months out from another potential rate increase for district customers, Horenstein said it’s important for the district to communicate with its customers about the needs of the district in terms of repairs, replacement and improvement of infrastructure to provide high quality water. Horenstein said the cost-of-living and housing issues that employees face is a regional issue that natural partners like school districts, fire districts and other should be discussing together.

Along with his career positions, Horenstein also serves on the board of the National Association of Clean Water Agencies, is chairman of the California Association of Sanitation Agencies’ Utility Leadership Committee, serves on the San Francisco Baykeeper advisory board and is a board member of the National Association of Clean Water Agencies. He is also a former Bay Area Clean Water Agencies board member. Ian Wren, a staff scientist at San Francisco Baykeeper, said he worked with Horenstein for a nearly five-year period while Horenstein was at the East Bay Municipal Utility District.

“He has a unique capacity to work with diverse stakeholders and balance the needs of his rate payers with that of the environment,” Wren said, “and who is not afraid to do what’s best for the environment and water quality and seeking next generation technologies and approaches to managing water resources.”

Despite the fact that San Francisco Baykeeper sued the East Bay Municipal Utility District while Horenstein served as the wastewater department director, Wren said Horenstein was critical to reaching a settlement and even came on to serve as an advisory board member for San Francisco Baykeeper after leaving the district.

Las Gallinas sanitary hires new executive

GENERAL MANAGER

By Adrian Rodriguez

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The Las Gallinas Valley Sanitary District has hired Mike Prinz, a longtime North Bay wastewater official, as its general manager.

Prinz, 48, of Santa Rosa, is an outgoing deputy director at the Santa Rosa Water Department and has more than 20 years of experience in water and wastewater management.

The Las Gallinas sanitary district board approved his contract last week. Prinz begins his new role on Nov. 26, earning \$200,000 annually.

Prinz said that the Las Gallinas sanitary district may be small, but “it’s running a pretty cool system” with water reuse, biogas energy recovery and other programs that other sanitary districts are not doing.

“It’s a pretty progressive system, so I saw it as a perfect opportunity for me,” Prinz said. “I’m pretty passionate about water, but wastewater especially.”

Prinz is replacing interim general manager Chris DeGabriele who was tapped to fill the vacancy after Mark Williams resigned last year. Williams had worked as the general manager since 2006 and was paid an annual salary of \$235,645.

DeGabriele is the former general manager of the North Marin Water District. He retired from that post in May 2017 after 22 years on the job. As interim general manager at Las Gallinas, he earned \$104.75 an hour.

DeGabriele said Prinz is the right man for the job.

“He will do a great job for the district,” DeGabriele said. “He’s excited to hit the ground; he’s a smart guy; he’ll be a valuable asset to the district.”

Prinz is a graduate of Humboldt State University and holds a professional civil engineer license in California. As deputy director of the Santa Rosa Water Department, Prinz managed the city’s regional water reuse system, one of the largest recycled water facilities in northern California.

Las Gallinas district board president Megan Clark in a statement said she is excited to have Prinz join the district.

“His education, experience and involvement working on local and regional wastewater collection and treatment and recycled water issues and projects is a great fit for the district,” she said.

Prinz said, “I like public service is what it comes down to. And to work in a progressive district doing things to better the environment and public health is really cool to me.”



Prinz

Sunday, 11/25/2018 Pag.A03

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Ready to watch birds in Marin?

ON THE WING

By Jack Gedney

IJ correspondent

Marin is famous for the extent and diversity of its public lands.

This abundance translates to a parallel richness in birdlife: a dedicated birder might see 250 species in a year and a moderately enthusiastic neophyte could tally 200 just within the county. Go out with a group of skilled observers on a “Big Day” field trip and you can expect to exceed 100 different birds in a single day. People have recorded well more than 100 species in their own yard. Are you missing this show?

Try this first. Step out into your yard and find a comfortable place to sit. Stay still for 10 minutes or more and see how many different birds you notice. (The longer you sit quietly, the more you will see as the birds alarmed by your arrival return to go about their business.) Look around carefully: in trees, under bushes, flying across the sky, perched on posts.

Equally importantly, listen and try to separate as many different bird sounds as you can, even if you don't know which they are.

I just tried this for 10 minutes and came up with 12 different birds. How many can you find? Even if you would never consider yourself a birdwatcher, I bet there are some you can put a name to already — crow, hummingbird, dove, jay, woodpecker, sparrow, robin. The little yellow ones are goldfinches; the slightly bigger red ones are house finches. Scratching on the ground you might see white-crowned or golden-crowned sparrows. While I was watching, a neat big woodpecker called a flicker flew overhead, followed by a flock of these

When people ask me where to go for a first birding trip, my default suggestion is the complex of ponds managed by the Las Gallinas Sanitary District in San Rafael.



Cedar waxwings travel around woodlands and neighborhoods in winter looking for berry-bearing plants like this native toyon.

really fantastic-looking winter berry-eaters called cedar waxwings. Almost all of these are in your neighborhood, too!

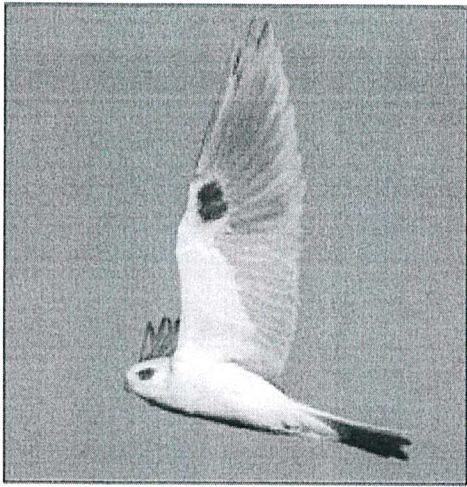
OK, so the yard was kind of fun. Maybe you thought you'd see three birds and you actually came up with nine. You've just tripled the amount of interesting things that adorn your life. As Aldo Leopold said, it's important to preserve wildlife for two reasons. One is because they are essential for all kinds of ecological processes vital for the health of the land. True. But the other reason is often more practically motivational: birds and other wildlife "add to the satisfactions of living."

Where to next?

When people ask me where to go for a first birding trip, my default suggestion is the complex of ponds managed by the Las Gallinas Sanitary District in San Rafael. These ponds are managed for wildlife with plantings and islands, are surrounded by open fields and marshes that attract other birds, and are circumnavigated by an easy, level trail that allows relatively close views. Bird diversity is now at its height and a gentle amble around the ponds could reveal more than 50 kinds of birds, including big, striking favorites like pelicans and swans, a variety of easy-to-see ducks, a healthy smattering of assorted songbirds and numerous impressive raptors such as kites, harriers and falcons.

The next step is figuring out what birds you're seeing and hearing. This has never been easier than it is today. For yard birds, I would recommend getting a simple fold-out guide tailored to our region: the best ones for Marin are "Sibley's Backyard Birds of Northern and Central California" by David Allen Sibley and "Yard and Garden Birds of the San Francisco Bay Area" by John Muir Laws. Or if you want to get started right now for free, you can look up my guide to our top 20 backyard birds on my Nature in Novato blog or download the Merlin Bird ID app from the Cornell Lab of Ornithology.

I have two more tips that will really accelerate your bird learning (if you want to accelerate — a slow steady trickle of novelty can be very pleasant, too). First, the one tool that will make all the difference is a decent pair of binoculars. Visit a nature store or borrow some from a birding friend to see what you've been missing. Second, the quickest way to see more birds is to go out with experienced observers. We have a plethora of local organizations that offer free public bird walks, most notably Marin County Parks, Marin Audubon Society, and Wild Birds Unlimited in Novato. Look up their websites to see their upcoming events. *Jack Gedney's On the Wing runs every other Monday. He is a co-owner of Wild Birds Unlimited in Novato, leads walks and seminars on nature in Marin, and blogs at Nature in Novato.*



White-tailed kites are one of the most visible raptors at the Las Gallinas Ponds.

PHOTO BY DON BARTLING

Monday, 11/26/2018 Pag.B01

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Teresa Lerch

From: Mark Millan <millan@datainstincts.com>
Sent: Monday, November 26, 2018 1:22 PM
To: Undisclosed Recipients
Subject: Las Gallinas sanitary hires new general manager - Marin IJ 11/24/18

Las Gallinas sanitary hires new general manager

Adrian Rodriguez, Marin Independent Journal 11/24/18

The Las Gallinas Valley Sanitary District has hired Mike Prinz, a longtime North Bay wastewater official, as its general manager.

Prinz, 48, of Santa Rosa, is an outgoing deputy director at the Santa Rosa Water Department and has more than 20 years of experience in water and wastewater management.

The Las Gallinas sanitary district board approved his contract last week. Prinz begins his new role on Nov. 26, earning \$200,000 annually.

Prinz said that the Las Gallinas sanitary district may be small, but “it’s running a pretty cool system” with water reuse, biogas energy recovery and other programs that other sanitary districts are not doing.

“It’s a pretty progressive system, so I saw it as a perfect opportunity for me,” Prinz said. “I’m pretty passionate about water, but wastewater especially.”

Prinz is replacing interim general manager Chris DeGabriele who was tapped to fill the vacancy after Mark Williams resigned last year. Williams had worked as the general manager since 2006 and was paid an annual salary of \$235,645.

DeGabriele is the former general manager of the North Marin Water District. He retired from that post in May 2017 after 22 years on the job. As interim general manager at Las Gallinas, he earned \$104.75 an hour.

DeGabriele said Prinz is the right man for the job.

“He will do a great job for the district,” DeGabriele said. “He’s excited to hit the ground; he’s a smart guy; he’ll be a valuable asset to the district.”

Prinz is a graduate of Humboldt State University and holds a professional civil engineer license in California. As deputy director of the Santa Rosa Water Department, Prinz managed the city’s regional water reuse system, one of the largest recycled water facilities in northern California.

Las Gallinas district board president Megan Clark in a statement said she is excited to have Prinz join the district.

“His education, experience and involvement working on local and regional wastewater collection and treatment and recycled water issues and projects is a great fit for the district,” she said.

Prinz said, "I like public service is what it comes down to. And to work in a progressive district doing things to better the environment and public health is really cool to me."

News Update



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NEWS RELEASE
Contact: Patrick Serfass
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FOR IMMEDIATE RELEASE
November 29, 2018

Climate Report Provides Reminder of Biogas' Wide-Ranging Environmental Benefits

WASHINGTON, D.C.— Today, the [American Biogas Council](#) released the following statement in response to the fourth [National Climate Assessment](#) released Friday. The American Biogas Council is the trade association for the US biogas industry. Biogas systems recycle organic material like food and yard waste, sewage sludge and animal manure, producing renewable energy in addition to valuable soil products.

“The Climate Assessment’s conclusions are alarming, and particularly the role that human actions and the way waste is managed plays in creating the crises we face. Building more biogas systems to recycle our organic waste into renewable energy and soil products is a critical near term action we can take to make a significant beneficial impact.

“In the US alone, each year we produce an enormous volume of organic residuals that must be better managed. The EPA found in 2014 that 258 million tons of municipal solid waste was generated, and that digestible organic materials such as waste paper, yard trimmings and food waste were the largest component. In addition to municipal solid waste, there are trillions of tons of industrial food and agricultural processing waste, municipal wastewater and animal manure. Building more biogas systems ensures we have the capacity to divert these materials from disposal, thus preventing harmful emissions.

“When we build more biogas systems, we can:

- recycle organic material that makes up a full third of our garbage—as much as glass, metal and plastic combined.
- produce baseload renewable energy in the form of electricity, heat or renewable natural gas
- produce valuable soil products to create healthy and drought resistant soils
- recycle the nitrogen, phosphorus and potassium so we don’t need to use fossil fuels to produce synthetic fertilizers for our active agriculture industry
- prevent lagoon overflows due to hurricanes and flooding

“Use of biogas displaces fossil fuels for electricity and transportation, and the use of the natural soil amendments eliminates emissions from the production of fossil fuel-derived fertilizers. Biogas systems can also protect watersheds by reducing nutrient runoff and protect against drought by making soils healthy. Biogas that is upgraded and used as vehicle fuel has one of the lowest carbon intensities for all conventional and alternative renewable fuels, as validated by the [California Air Resources Board](#).

“Today, we have [2,200 operating biogas systems](#), and we have the potential to build at least 14,000 more. Doing so would produce enough energy to power 7.5 million American homes and reduce emissions equivalent to removing up to 15.4 million passenger vehicles from the road. They would also catalyze an estimated \$40 billion in capital deployment for construction activity, which would result in

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approximately 335,000 short-term construction jobs and 23,000 permanent jobs to build and run the digesters.

“One of the most obvious actions we must take to protect our climate is recycling organics in the waste stream, and to do that, we need to policies that ensure the construction of more biogas systems.”

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About the American Biogas Council

The American Biogas Council is the only national trade association representing the entire biogas industry in the U.S. The ABC represents over 200 companies in all parts of the biogas supply chain who are dedicated to maximizing the production and use of biogas and digestate from organic waste. Find us online at www.AmericanBiogasCouncil.org, Twitter [@ambiogascouncil](https://twitter.com/ambiogascouncil), LinkedIn in the [American Biogas Council group](#) and on [YouTube](#).

Easy stroll for those who don't like exercise

MARIN HIKE

By Wendy Dreskin

IJ correspondent

With four miles of level trails along levees, the Las Gallinas Sanitary District Ponds attract a diverse group — seniors, cyclists, dog walkers, joggers, birders and bird photographers, moms with strollers and folks in wheelchairs. It's the perfect place to go when you are looking for an easy walk. I'd even recommend it for people who don't like to exercise. Between the birds, jack rabbits, otters, coyotes and butterflies, it's easy to distract yourself from the fact you are covering several miles, and there are benches to rest on as needed.

This reclamation project, constructed in 1984, includes a freshwater pond with three islands, two treated wastewater ponds, a 10-acre saltwater marsh that does not receive any effluent, a 20-acre freshwater marsh and 200 acres of irrigated pasture. Planning began in the 1970s with the goal of improving effluent water quality to meet the requirements of the Clean Water Act.

Most of the \$6.5 million was provided by state and federal clean water grant funds. Treated water is discharged into Miller Creek and the San Pablo Bay nine months of the year, but in the summer months, from June to at least August, the discharge is used to irrigate the pasture.

In addition, the water district purchases 350 million gallons of effluent a year that is further treated and then sold for irrigation, stretching the supply of potable water.

Even the parking lot can be interesting to birders! A Harris's sparrow, which is rare in California, delighted birders by spending December 2016 through March 2017 in the area, often just a few feet from parked cars. The phone lines there are a good place to brush up on distinguishing male and female Brewer's blackbirds, Eurasian starlings, great-tailed grackles and red-winged blackbirds.

(Hint: the female red-winged blackbird is much streakier than

Between the birds, jack rabbits, otters, coyotes and butterflies, it's easy to distract yourself from the fact you are covering several miles, and there are benches to rest on as needed.



You can spot American white pelicans in the Las Gallinas Sanitary District Ponds.

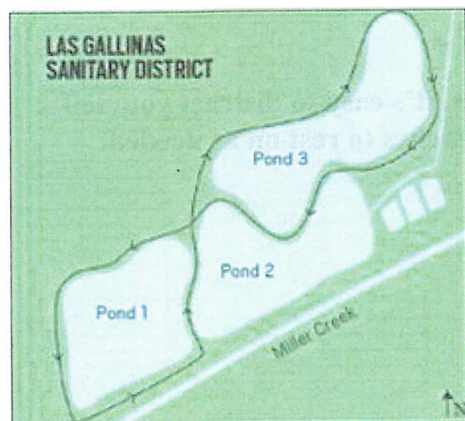
PHOTO BY STEVE DISENHOF

the female Brewer's blackbird.) Start the walk by crossing the bridge, taking time to look right and left for ducks such as greenwinged teal in the water and on the banks, Western meadowlarks with bright yellow breasts on the fence posts and killdeer on the banks. Stop at the kiosk if you are curious about what interesting birds have been seen lately. Birders write their more interesting sightings on the back.

Go straight, along the south side of pond 1. One of the first birds to catch your eye may be a mute swan. Non-birders are happier to see these graceful, fairy-tale birds than birders, who know the California Department of Fish and Game considers them an invasive species. Another large white bird is a white pelican, recognized by the classic pelican beak with a pouch that is used to catch 3 pounds of fish a day. Unlike the brown pelicans often seen at the coast, white pelicans do not dive from the air to catch fish. Instead they feed like dabbling ducks. They often fish cooperatively, corralling fish by encircling them. When they take off, the striking black and white pattern and 9-foot wingspan is impressive!

Turn left in .25 miles at the end of pond 1, checking the trees on the last island for the black-crowned night-herons that often roost there. Young birds will be brown and streaky and lack the black cap. Turn right to start circling pond 3, keeping an eye out for hawks and coyotes hunting in the field on your left. On the south side of pond 3 there are usually some double-crested cormorants on the pipe in the water. After passing the solar panels, stay right on the levee between pond 2 and pond 3. River otters frequent the ponds, to the delight of many walkers — though birders are not happy to see them since they chow down on birds as well as fish. A left turn onto the path on the north side of pond 1 brings you back to complete the loop.

From Highway 101, exit Smith Ranch Road and go .7 miles. Cross the railroad tracks and turn left just before the McInnis Park entrance, staying on Smith Ranch Road. Follow this road .8 miles to the parking lot at the end. *Wendy Dreskin has led the College of Marin nature/ hiking class Meandering in Marin since 1998, and teaches other nature classes for adults and children. To contact her, go to wendydreskin.com.*



River otters frequent the Las Gallinas Sanitary District Ponds.

PHOTO BY SUSAN KELLY

Pension legal fight has Marin watching

STATE COURT

By Richard Halstead

rhalstead@marinij.com @HalsteadRichard on Twitter

The state Supreme Court heard oral arguments Wednesday in a case that could have implications for the pensions of Marin public employees and quite possibly the pensions of public employees throughout the state.

The case, Cal Fire Local 2881 v. California Public Employees' Retirement System, involves a right granted to many public employees by the California Legislature in 2003 to add to their years of service used for calculating their pensions by paying a one-time fee. This is often referred to as purchasing "air time."

After the Legislature withdrew this right by passing the Public Employees' Pension Reform Act (PEPRA) of 2013, Cal Fire Local 2881 filed a legal challenge.

A similar case, Marin Association of Public Employees v. Marin County Employees' Retirement Association, is pending before the state Supreme Court. In that case, Marin Association of Public Employees filed suit after Marin County Employees' Retirement Association reacted to PEPRA by excluding standby pay, administrative response pay, callback pay and cash payments for waiving health insurance from the calculation of members' final compensation.

In its 2016 ruling on that case, the Court of Appeal wrote, "While a public employee does have a 'vested right' to a pension, that right is only to a 'reasonable' pension — not an immutable entitlement to the most optimal formula of calculating the pension.

"And the Legislature may, prior to the employee's retirement, alter the formula, thereby reducing the anticipated pension. So long as the Legislature's modifications do not deprive the employee of a 'reasonable' pension, there is no constitutional violation."

Gregg Adam, one of the attorneys representing MAPE and the attorney who presented the oral argument for Cal Fire Wednesday, has said that this ruling challenges the so-called "California rule," the legal precedent that prohibits government agencies in California from cutting retirement benefits without providing employees with comparable pension compensation.

The California Rule gives workers security that their retirement will be safe and predictable after a career in public service. But it also ties lawmakers' hands in responding to exploding pension costs — a problem for the state, cities, counties, schools, fire districts and other local bodies.

In a sign of the case's importance to the governor, Jerry Brown had an attorney from his office, not the state attorney general's office, argue before the high court.

After Wednesday's hearing, Adam said, "I think it was tough for both sides. The court asked very challenging questions that went to the heart of the matter and extended more broadly to future rules and pensions in general."

Timothy Talbot, an attorney representing the Contra Costa Deputy Sheriff's Association in another of the five cases pending before the Supreme Court with implications for the California rule, said, "I thought the justices had difficult questions for both sides. They were sincerely trying to understand how this particular 'air time' benefit fits into the whole pension scheme and what level of protection it is entitled to under current California law. "There were questions and assertions by both sides on the broader question of the California rule and changes to vested rights," Talbot said, "but my sense was the majority of the argument focused on this air-time benefit."

Several of the justices appeared skeptical that the ability to purchase "air time" constituted a traditional pension benefit. Employees had to work for five years before they could make the one-time credit purchase.

Chief Justice Tani Cantil-Sakauye asked, "How does it directly affect (your pension) if you only have the opportunity to purchase?"

Associate Justice Goodwin Liu asked if health care benefits, vacation accrual, and transit subsidies could also be considered to be similarly vested benefits.

Adam said, Liu "was concerned that the rule that we were asking for would cover too many elements of what an employee gets. I argued that we were really only asking that the benefit in front of the court be considered a pension benefit."

Talbot said Rei Onishi, the attorney who made the oral arguments on behalf of California Public Employees' Retirement System, argued that pensions can be modified because employees are only entitled to a substantial and reasonable benefit. Talbot said the justices asked Onishi to define what that would mean in real terms; one justice asked if that meant a pension could be reduced to one dollar.

"Mr. Onishi didn't really answer the question," Talbot said, "but he didn't say that would be wrong."

The justices have 90 days to issue a ruling. Adam said depending on what the justices decide, the Marin case might be sent back to the Court of Appeal.

The Marin case was granted review by the Supreme Court more than year ago, but in an unexpected move earlier this year, the court deferred action on the case pending a decision in Alameda County DSA, et al. v. Alameda County Employees Retirement System, another case involving the California rule. Lawyers have submitted briefs for that case and are awaiting a date for oral arguments.

Pension hawks such as Marin's Citizens for Sustainable Pension Plans are watching the Supreme Court hearings with much anticipation.

"I'm pretty certain the state Supreme Court judges will find that air time is not a vested benefit," said Jody Morales of Lucas Valley, the group's founder. "That might well open the door to challenges to other benefits now considered 'vested,' such as those adopted after the contracts were agreed to."